

quarterly report

bulletin

croatian
national
bank

year vii
december 2002

number 77

Croatian National Bank
BULLETIN

PUBLISHER Croatian National Bank
Publishing Department
Trg hrvatskih velikana 3, 10002 Zagreb
Phone: 385-1-4564-555
Contact phone: 385-1-4922-070, 385-1-4922-077
Fax: 385-1-4873-623

WEB <http://www.hnb.hr>

BULLETIN EDITORIAL BOARD

EDITOR-IN-CHIEF Ljubinko Jankov
EDITORIAL BOARD Igor Jemrić
Vanja Jelić
Ružica Vuger

QUARTERLY REPORT EDITORIAL BOARD

EDITOR-IN-CHIEF Boris Vujčić
EDITORIAL BOARD Ljubinko Jankov
Evan Kraft
Vanja Jelić

EDITOR Romana Sinković

TECHNICAL EDITORS Slavko Križnjak
Božidar Bengez

TRANSLATION Tina Antonini
Lidija Čurčija
Sandra Papac
Vlatka Pirš
Ankica Zerec

ASSOCIATE Ines Merkl

PRINTED BY Intermark d.o.o., Zagreb

Release dates are disseminated on the advance release calendar posted for Croatia on the IMF's DSBB (<http://dsbb.imf.org>).

Those using data from this publication are requested to cite the source.

Any additional corrections that might be required will be made in the web site version.

Printed in 750 copies

ISSN 1331-6028

Croatian National Bank

BULLETIN

Zagreb 2002

General Information on Croatia

Economic Indicators

	1993	1994	1995	1996	1997	1998	1999	2000	2001
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
GDP ^a (million USD, current prices)	10,903	14,585	18,811	19,872	20,109	21,628	19,906	19,030	19,536
GDP – annual changes ^a (in %, constant prices)	-8.0	5.9	6.8	5.9	6.8	2.5	-0.9	2.9	3.8
GDP per capita ^{a,b} (in current USD)	2,349	3,137	4,029	4,422	4,398	4,805	4,399	4,153	4,403
Retail price inflation (in %, end of year)	1,149.7	-3.0	3.7	3.4	3.8	5.4	4.4	7.4	2.6
Population ^b (million, mid-year)	4.6	4.6	4.7	4.5	4.6	4.5	4.6	4.4	4.4
Exports of goods and services (as % of GDP) ^c	56.8	49.8	37.1	40.1	39.9	39.5	40.8	47.0	49.3
Imports of goods and services (as % of GDP) ^c	52.9	47.4	48.7	49.7	56.6	48.7	49.2	52.1	54.7
Current account balance (as % of GDP) ^c	5.8	4.9	-7.5	-4.8	-12.5	-6.7	-7.0	-2.4	-3.2
Outstanding external debt (million USD, end of year)	2,638	3,020	3,809	5,308	7,452	9,586	9,872	11,002	11,189
Outstanding external debt (as % of GDP)	24.2	20.7	20.2	26.7	37.1	44.3	49.6	59.7	57.4
Outstanding external debt ^c (as % of exports of goods and services)	42.6	41.6	54.6	66.6	92.9	112.2	121.6	127.0	116.5
External debt service ^{c,d} (as % of exports of goods and services)	9.9	9.0	10.1	9.0	9.9	12.5	20.7	23.0	22.6
Gross international reserves (million USD, end of year)	616	1,405	1,895	2,314	2,539	2,816	3,025	3,525	4,704
Gross international reserves ^c (in terms of months of imports of goods and services, end of year)	1.3	2.4	2.5	2.8	2.7	3.2	3.7	4.4	5.3
Exchange rate on 31 December (HRK : 1USD)	6.5619	5.6287	5.3161	5.5396	6.3031	6.2475	7.6477	8.1553	8.3560
Average exchange rate (HRK : 1USD)	3.5774	5.9953	5.2300	5.4338	6.1571	6.3623	7.1124	8.2768	8.3391

^a Preliminary data for 2001.

^b Data on population in 2000 and 2001 are reported according to the Results of the 2001 census.

^c According to the CBS revised data on merchandise trade.

^d Includes principal payments on long-term debt net of principal payments on trade credits and direct investments, as well as total interest payments net of interest payments on direct investments.

Sources: Central Bureau of Statistics and Croatian National Bank.

Contents

Quarterly Report

Introduction / 3

Demand / 4

Foreign Demand / 5

Domestic Demand / 6

Personal Consumption / 6

Investment Consumption / 6

Government Consumption / 7

Output / 7

Industry / 8

Trade / 9

Construction / 9

Tourism / 10

Transport and Communications / 11

Labor Market / 11

Unemployment and Employment / 11

Wages and Labor Costs / 13

Prices / 15

Box 1: Some Price Effects of the Payment System

Reform / 17

Exchange Rate / 18

Monetary Policy and Instruments / 19

Monetary Environment / 19

Monetary Policy / 19

Box 2: Trading in CNB bills and T-bills of the Ministry of

Finance on the Secondary Market / 22

Monetary Developments / 23

Money Market / 26

Money Market Interest Rates / 26

Interest Rates in the Short-Term Securities Market / 27

Deposit Money Banks' Interest Rates / 28

Box 3: Ratio of Effective Interest Rate to Nominal Interest

Rate on Bank Credits / 29

Capital Market / 31

Equities Market / 31

Debt Securities Market / 32

International Transactions / 34

Current Account / 34

Merchandise Trade / 35

Capital and Financial Account / 36

Box 4: The Stock of International Investments / 36

International Investment Position – Stock of International

Investments / 37

External Debt / 37

International Liquidity / 37

Government Finance / 38

Budget Highlights in the Third Quarter of 2002 and

Expectations through end-2002 / 38

The Outturn of the Consolidated Central Government

Budget / 38

The Consolidated Central Government Deficit / 38

Consolidated Central Government Revenues / 39

Consolidated Central Government Expenditures / 39

Wages / 40

Financing / 40

Domestic Central Government Debt to Banks / 40

Central Government External Debt / 41

Privatization / 41

Statistical Survey

A. Monetary and Credit Aggregates

Table A1: Monetary and Credit Aggregates / 46

B. Monetary Institutions

Table B1: Monetary Survey / 47

Table B2: Number of Reporting Deposit Money Banks and

Savings Banks and their Classification by Total Assets / 48

C. Monetary Authorities

Table C1: Monetary Authorities Accounts / 49

D. Deposit Money Banks

Table D1: Deposit Money Banks' Accounts / 51

Table D2: Deposit Money Banks' Foreign Assets / 52

Table D3: Deposit Money Banks' Claims on the Central

Government and Funds / 53

Table D4: Deposit Money Banks' Claims on Other Domestic

Sectors / 53

Table D5: Distribution of Deposit Money Banks' Loans by

Domestic Institutional Sectors / 54

Table D6: Demand Deposits with Deposit Money Banks / 54

Table D7: Time and Savings Deposits with Deposit Money

Banks / 55

Table D8: Foreign Currency Deposits with Deposit Money

Banks / 55

Table D9: Bonds and Money Market Instruments / 56

Table D10: Deposit Money Banks' Foreign Liabilities / 56

Table D11: Central Government and Funds' Deposits with

Deposit Money Banks / 57

Table D12: Restricted and Blocked Deposits with Deposit

Money Banks / 57

Graph D1: Distribution of Deposit Money Banks' Loans / 58

Graph D2: Distribution of Deposit Money Banks'

Deposits / 58

E. Housing Savings Banks

Table E1: Housing Savings Banks' Accounts / 59

F. Monetary Policy Instruments And Liquidity

Table F1: Credit Rates of the Croatian National Bank / 60

Table F2: Deposit Rates of the Croatian National Bank / 61

Table F3: Deposit Money Banks' Reserve Requirements / 62

Table F4: Deposit Money Banks' Liquidity Indicators / 62

G. Financial Markets

Table G1: Deposit Money Banks' Credit Rates / 64

Table G2: Deposit Money Banks' Deposit Rates / 65

Table G3: Deposit Money Banks' Trade with Foreign

Exchange / 66

Table G4a: Deposit Money Banks' Interest Rates on Kuna

Deposits Indexed to Foreign Currency and on Foreign

Currency Deposits / 67

Table G4b: Deposit Money banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits / 68

Table G5: Deposit Money Banks' Trade with Foreign Exchange / 69

H. International Economic Relations

Table H1: Balance of Payments – Summary / 70

Table H2: Balance of Payments – Goods and Services / 71

Table H3: Balance of Payments – Income and Current Transfers / 72

Table H4: Balance of Payments – Other Investments / 73

Table H5: Balance of Payments – Summary / 74

Table H6: International Reserves and Bank's Foreign Exchange Reserves / 75

Table H7: International Reserves and Foreign Currency Liquidity / 76

Table H8: Midpoint Exchange Rates of the Croatian National Bank (period average) / 78

Table H9: Midpoint Exchange Rates of the Croatian National Bank (end of period) / 78

Table H10: Indices of the Effective Exchange Rate of the Kuna / 79

Table H11: External Debt Structured by Domestic

Sectors / 79

Table H12: External Debt by Creditors / 81

Table H13: External Debt by Domestic Sectors and Projected Future Payments / 82

Table H14: International Investment Position – Summary / 83

Table H15: International Investment Position – Direct Investment / 84

Table H16: International Investment Position – Portfolio Investment / 84

Table H17: International Investment Position – Other Investment / 85

I. Government Finance

Table I1: Consolidated Central Government / 86

Table I2: Budgetary Central Government Operations / 86

Table I3: Central Government Debt / 87

J. Nonfinancial Statistics

Table J1: Retail Prices, Cost of Living and Producer Prices Indices / 88

Table J2: Core Retail Prices Indices / 88

Table J3: Average Monthly Net Wages / 89

[List of Deposit Money Banks and Savings Banks / 91](#)

[Management of the Croatian National Bank / 93](#)

[List of Abbreviations and Symbols / 94](#)

Quarterly Report

Introduction

After real GDP grew 4% year-on-year in the first half of 2002, the available data suggest a continuation of growth in the third quarter. Industrial production grew 7.4% year-on-year in the third quarter of 2002. With strong growth in retail trade turnover of some 17.2% in the third quarter, compared with the same period last year, indications of continued strength in the construction industry (net orders up 84.7% in the first half of 2002 and strong growth of the total volume of construction in July and August) and indications of growth in tourist revenues, it seems clear that output continues to grow.

The demand-side determinants of growth continue to be personal consumption and investment. Personal consumption is still driven by strong growth in bank lending to households, which grew 35.5% year-on-year in September. Modest wage increases have been observed even in the government sector where wage restraint has been the order of the day. But these small wage increases cannot account for the strong consumption growth. Total investment has increasingly been determined by the government's highway construction program, but private investment has also continued to grow. Private investment is crucial to raising productivity and improving the competitiveness of Croatian companies.

The positive effects of growth are now being seen more clearly on the labor market. Employment from the CEI register was up 34.2% in the third quarter of this year relative to the same period last year, while the inflow into the register decreased. Registered unemployment, for the first time since 1996, continued to fall even after the spring-summer employment peak. And the Labor Force Survey results for the first half of 2002 show an increase in employment relative to the first half of 2001. Thus it seems that job creation has begun to outpace the job reductions caused by the major wave of company restructuring in 2000-2001.

Inflation remains moderate. Inflation, defined as the year-on-year change in retail prices, fell from 3.2% in the first quarter to 2.2% in the second quarter and to 1.5% in the third quarter. However, electricity price increases and other one-off factors in September and October reversed the downward trend, with inflation reaching 2.1% in October. Despite these price shocks, the overall inflationary environment remains favorable, with the effects of new trade agreements and increased import price competition, lower producer price inflation in the euro-zone and a stable kuna helping to keep inflation contained.

While the kuna has mainly faced appreciation pressures during the year, a mild depreciation against the euro began in early October. The kuna depreciated 1.9% against the euro from the beginning of October to the beginning of November. The Croatian National Bank intervened twice in late October to slow down the depreciation trend, selling a total of EUR 79.8m to banks and USD 1.39m to the government. At the same time, the CNB bought EUR 60.0m coming from the Croatian Highways borrowing abroad. The modest net intervention of USD 20.7m calmed the market and the kuna appreci-

ated very slightly in early November.

The quiet situation on the foreign exchange market during the third quarter and at the beginning of the fourth quarter allowed monetary developments to proceed without major interventions by the central bank. With inflation falling and the exchange rate stable for most of the third quarter, there were few tensions on the market. Reserve money (M0) stagnated in the third quarter, and even began to fall slightly in the fourth quarter. This was partly a result of a high growth of reserve money in the second quarter (owing to the CNB interventions in the foreign exchange market), which obviated the need for reserve money growth in the third quarter. The money supply (M1) also grew more slowly, with currency in circulation stabilizing and deposit money growing somewhat slower. Still, it should be noted that deposit money growth, particularly deposit money held by companies, has been the main component of monetary growth during this year. Deposit money growth was strongly fueled by a rapid increase in bank lending.

Foreign exchange deposits had contracted during the first half of the year, but grew more strongly in the third quarter. Tourism revenues were the main source of this growth, which is typical of that quarter. By the end of the third quarter, foreign exchange deposits roughly returned to their levels of the end of last year, thus making up for the ground lost earlier this year due to the anticipated outflows of euro deposits into euro cash and the withdrawals during the Riječka banka crisis.

With both banks and many of their customers quite liquid, interest rates have remained low. Interbank trading picked up a bit in August, only to drop off again in September and October. Banks have shown substantial interest in the securities offered by both the central bank and the Ministry of Finance, and interest rates on these securities have reached rather low levels. The 35-day CNB bills, now the only kuna bills issued by the central bank, were auctioned at interest rates of about 2% in recent months. Despite the low rates, total purchase of CNB bills rose to some HRK 5.7m at the end of September, and fell slightly thereafter. Ministry of Finance bills were also in great demand, with the new 364-day bill achieving an interest rate of a mere 3.5% at the end of October.

Interest rates on bank loans and deposits have also reached low levels. Interest rates on corporate loans not indexed to foreign currency fell from 9.68% in January to 7.69% in September. Other credit rates have also shown a downward trend. Deposit interest rates stagnated during the third quarter, with the exception of rates on household time deposits, which declined.

According to the preliminary data, Croatia experienced a current account surplus of USD 1.1bn in the third quarter. In the first nine months of 2002, the current account deficit reached about USD 0.7bn. With the usual deficit in the fourth quarter, the deficit for the whole year would increase through the upward revision of the trade deficit due to correction of the statistical treatment of ships sent abroad for repairs. This revision raised last year's trade deficit by some 0.6% of GDP, and thus raised the 2001 current account deficit to 3.8% of GDP.

Croatia's external debt grew by USD 2.2bn in the first nine months of the year. Of this, some USD 0.8m was the result of valuation effects.¹ The sectors incurring new debt are primarily banks and the government. The increase in bank borrowing does not seem to contain special dangers at this point, since Croatia's banks generally have good credit ratings and are seeking to fund credit expansion. However, the increase in government debt is more worrisome.

The way to contain the government debt and to ensure that Croatia does not cross the boundary from a medium-indebted country to a highly indebted country, is to contain the government budget deficit. Current estimates suggest that the deficit of consolidated central government, including the extrabudgetary companies Croatian Highways and Croatian Roads, will amount to about 5.5% of GDP this year. This would be a decrease from last year's 6.0%. The government has announced a target deficit of the consolidated general government of 5.0% for the next year, and has received the agreement of the IMF for this target. In addition, the government has announced its intention to increase its financing from the domestic financial market, which would have two favorable implications: decreased foreign borrowing and greater supply of high-quality government securities in the domestic market. There seems to be little danger of "crowding-out" of private investment by government borrowing, given the high liquidity in the banking system and in non-financial institutions such as the pension funds, and the low interest rates.

This year, the government was able to roughly meet its revenue projections in the major areas of social contributions and VAT. Profit tax revenues substantially exceeded projections, suggesting that business results will be favorable this year. However, revenues from excises on cigarettes were disappointing, and revenue increases from improved enforcement have proven elusive.

On the expenditure side, purchases of other goods and services decreased by 7.0% in nominal terms in the first nine months, and seem likely to remain within the planned bounds. Interest payments turned out lower than expected, partly due to the strengthening of the kuna against the dollar, which lowered the kuna countervalue of external debt payments. Subsidies and other current transfers will also remain within the projected limits this year. But, thanks to the parliamentary decisions in recent months, they will grow substantially next year (subsidies for shipbuilding and agriculture). The target for the wage bill in the government sector was raised in the rebalance of the budget, which is confirmed by a rising trend in public sector wages during 2002. Public sector wage increases are planned for 2003, and the government plans to couple this with labor force reductions to keep the overall wage bill from growing excessively and endangering the deficit reduction process.

¹ Roughly two-thirds of Croatia's external debt is denominated in euros. When the euro strengthens vis-a-vis the dollar, the dollar value of this part of the debt increases.

Demand

Strong economic activity marked the first half of 2002. With the global economic slowdown, especially evident in EU member states, GDP in Croatia grew by 4.0% in real terms compared with the first half of the previous year, spurred by strong domestic demand. The economic slowdown in EU member states, Croatia's main trading partners, slowed Croatian exports growth early this year. However, this did not result in an economic slowdown, as could have been expected, due to increased domestic demand. Growth in other transition countries was also stimulated by domestic demand in the first half of 2002. In comparison with Croatia, nearby transition countries recorded lower growth in the first two quarters of 2002, with the exception of Bulgaria, whose growth in the second quarter was generated by the substantial increase in gross fixed capital formation.

Figure 1

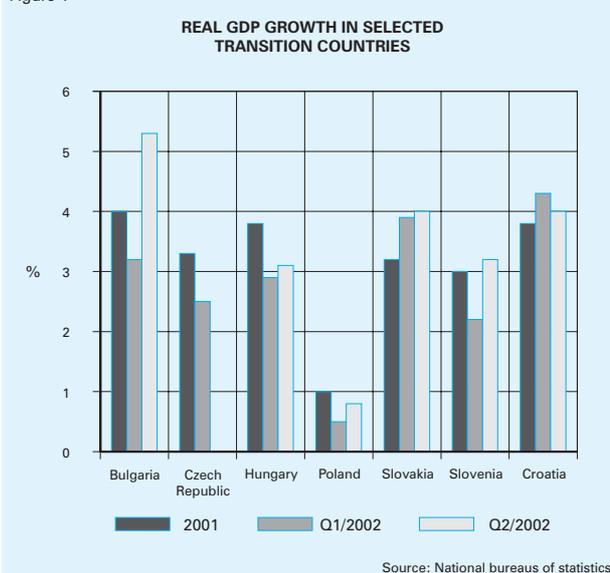
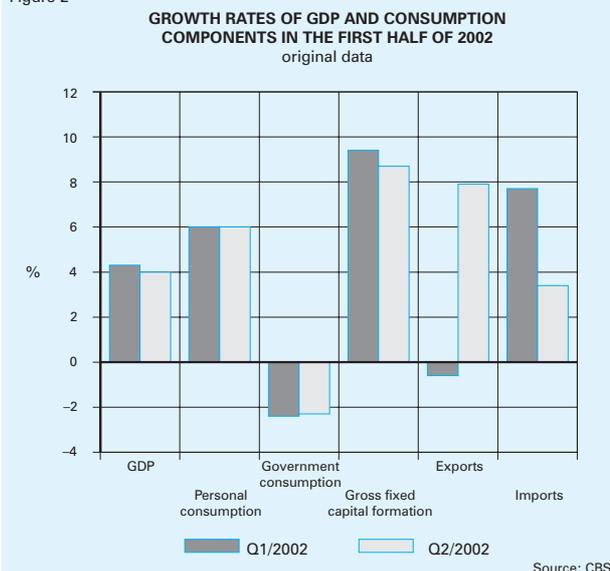


Figure 2



An analysis of GDP growth in Croatia in the first half of 2002 based on overall demand components shows that gross fixed capital formation rose at the fastest pace. Investment activity showed signs of revival in early 2001 and accelerated in 2002 aided by large-scale construction projects. Due to the two-thirds share of personal consumption in GDP, its strong growth in the first half of the year made the largest contribution to GDP growth. In 2002, government consumption continued the downward trend started at mid-2000. Net foreign demand had opposite effects on GDP in the first two quarters of 2002. The first quarter saw a sizeable growth in goods imports, while a moderate increase in the merchandise trade corresponded with an exceptional growth of services exports in the second quarter.

Foreign Demand

As already mentioned, the effect of foreign demand on economic growth in the second quarter of 2002 was opposite to that in the first quarter. In the first half of 2002, the cumulative contribution of foreign demand to GDP growth was moderately negative, -0.4 percentage points; with a negative effect in the first quarter and positive in the second. Goods and services imports rose at a strong pace in the first quarter of 2002, while exports stagnated. Consequently, net foreign demand negatively contributed to the 4.1% annual GDP growth rate by 3.3 percentage points. Goods and services exports increased by 8.3% in the second quarter compared with the same period last year, while imports rose at a slightly lower rate. This increase contributed positively to the 3.9% GDP growth compared with the same period last year by 2.4 percentage points.

The first quarter saw adverse trends in merchandise trade, i.e. declining exports paralleled by growing imports. Due to the negligible impact of the services account in the first quarter, surplus generated by service trade did not considerably offset the negative effect of net foreign relations on overall demand. Goods exports rose in parallel with imports in the sec-

Figure 3

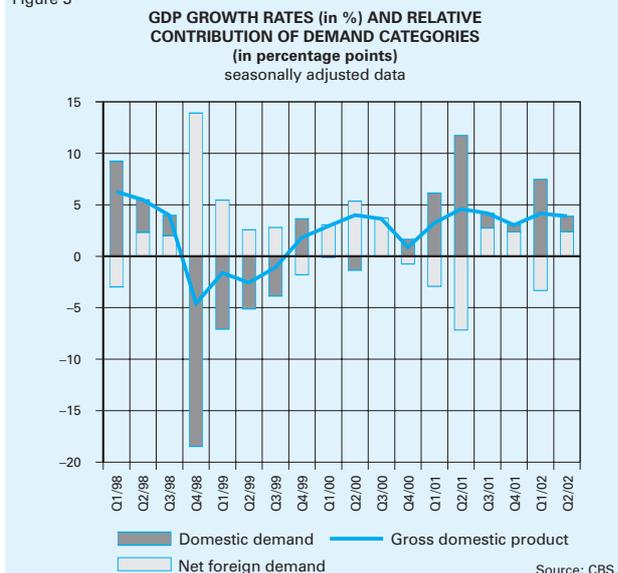
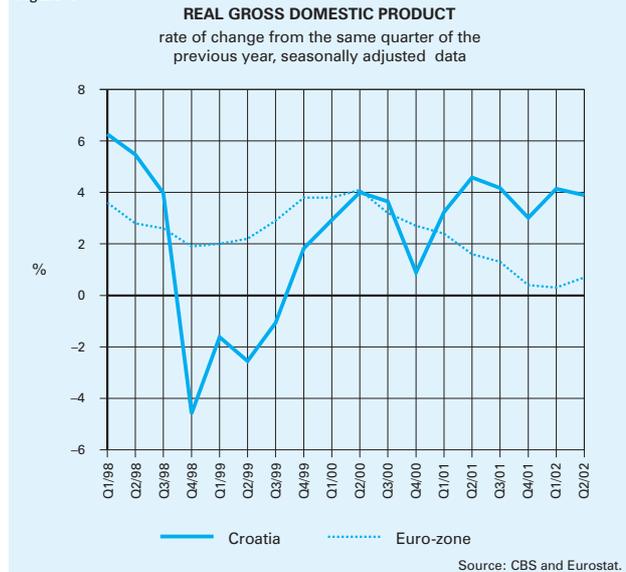


Figure 4

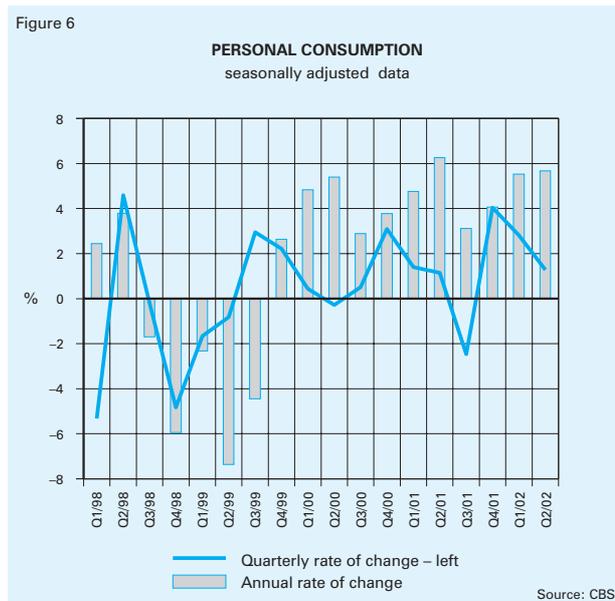
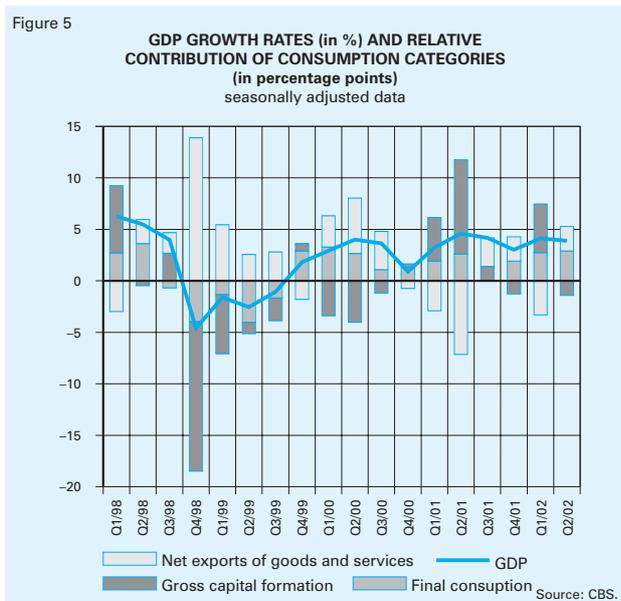


ond quarter. Income from services increased considerably in the second quarter in relation to the same quarter last year and the impact of services grew stronger compared with the previous quarter, which provided a more powerful stimulus to net export trends. Total goods and services exports grew at a faster rate than imports so that net foreign demand contributed positively to GDP growth in the second quarter.

Economic activity in EU member states started showing signs of revival in early 2002 following its slower pace in the last quarter of 2001, when GDP decreased by 0.2% compared with the previous quarter. As shown by the latest Eurostat² data, GDP in EU and EMU member states grew at a quarterly rate of 0.4% in the first quarter of 2002. The same 0.4% growth in real terms was recorded in the second quarter compared with the previous quarter. An analysis of the sources of growth in EMU member states³ in the first quarter shows that in the context of declining personal consumption growth was spurred by the positive contribution of net foreign demand, resulting from the growth of exports and the parallel decline in imports. Positive trends in several demand components influenced growth in the second quarter. As the only demand component constantly trending downwards since 2001, gross fixed capital formation continued the negative trend in 2002. As suggested by a survey conducted among entrepreneurs in the euro-zone, industrial production growth slowed during summer months. The European Central Bank forecast no significant recovery of the economy in the third quarter and its weak growth in 2002. Economic recovery based on the revival of domestic demand and a stronger global economic growth is not expected until 2003.

² The third release on GDP growth estimate in EU and EMU member states in the second quarter of 2002.

³ ECB, *Monthly Bulletin*, October 2002.



Domestic Demand

Domestic demand was the main contributor to GDP growth in the first half of 2002. It contributed by 4.5 percentage points to the 4.0% annual rate of GDP growth, making a stronger impact in the first quarter (7.5 percentage points). Final consumption, comprising personal and government consumption, rose by 3.2% and 3.5% in the first and second quarters respectively in comparison with the same periods last year. Its positive contribution to growth in both quarters is attributable to the strong growth of personal consumption, which significantly outstripped the decline in government consumption.

The volume of gross fixed capital formation and changes in inventories determine gross capital formation trends. Comprised by GDP estimates based on the expenditure method, inventories include a statistical discrepancy resulting from adjustments between estimates made by the expenditure and the production method. Due to the growth of gross fixed capital formation and a positive change in inventories in the first quarter, gross capital formation positively contributed to the GDP growth rate by 4.7 percentage points. In contrast, a negative change in inventories brought about the decrease in gross capital formation in the second quarter. Although physical indicators of inventory trends suggested their rise in the second quarter compared with the same period last year, a statistical discrepancy included in the calculation of inventories resulted in their negative contribution of 1.4 percentage points.

Personal Consumption

Personal consumption rose at a significant rate of 5.6% for the year in the first half of 2002. It grew by 2.8% in the first quarter compared with the previous quarter and by 1.3% in the second quarter. This was due to rising imports of durable consumer goods, which were up 14.3% and 25.9% in the first and second quarters respectively compared with the same

periods last year, expressed in American dollars. The growth of imports was mostly accounted for by the rise in imports of household appliances, furniture and motor vehicles, which was also evident from retail trade turnover growth.

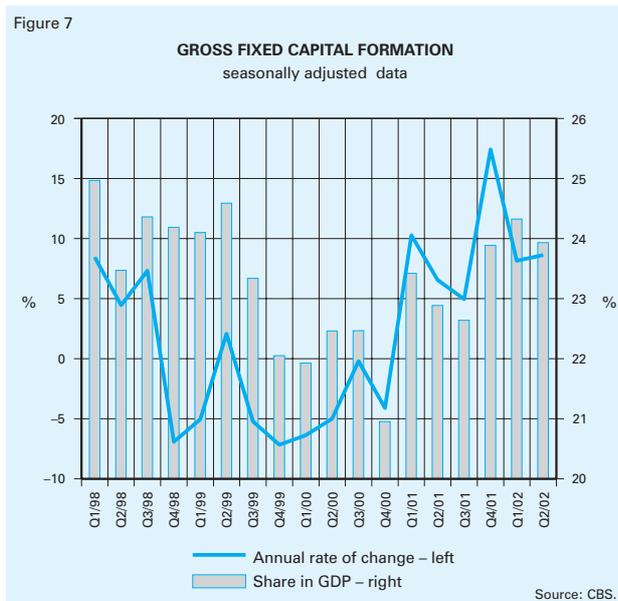
Available indicators of personal consumption trends in the third quarter do not suggest a slowdown in its growth. Consumer goods imports continued to trend strongly upwards. Increasing by 30.2% in the first nine months compared with the same period last year, expressed in American dollars, imports of durable consumer goods were the fastest growing import category as regards the main industrial groupings. Real retail trade turnover rose at a faster rate over summer months, partly on account of the consumption of foreign tourists in Croatia.

An analysis of the sources of funds used for financing personal consumption shows that borrowing with commercial banks has the strongest impact on personal consumption growth. Household loans rose at a rate of 35.5% for the year in September, signifying an even stronger credit expansion than in the first part of the year. The recovery of real net wages started in the second quarter can be attributed to the payments of vacation bonuses and the growth of wages in the private sector. The average net wage was up 2.2% in real terms in the first nine months compared with the same period last year. In parallel, government transfers to households (pensions, sickness benefits and child benefits) stagnated in nominal terms and, adjusted for the cost of living growth, in real terms as well.

Investment Consumption

Gross fixed capital formation increased by 8.4% in the first half of 2002 compared with the same period last year, which is the sharpest increase of an expenditure category of GDP. As regards its quarterly changes, it grew by 5.0% in the first quarter and held steady in the second quarter compared with the first.

After decreasing over two successive years, gross fixed cap-



ital formation rose by 9.7% in 2001. This growth was mostly attributed to investments in capital equipment (domestic production of machinery and equipment increased by 17.8% while imports rose by 28.3%, expressed in American dollars) aimed at streamlining production processes. In addition to these investments, the rise in investment consumption in 2002 is accounted for by the revival in construction. Residential construction, intensifying due to the government-incentive based residential construction project, was even outperformed by investments in roads. Increasingly driven up by road construction projects in later months, total volume index of construction projects rose by 12.2% in the first half of 2002 compared with the same period last year.

The Croatian Highways announced that the sharpest rise in the volume of road construction projects was expected in the third quarter, which was also suggested by physical indicators of construction projects. The construction project index rose by 13.1% and 14.0% in July and August respectively compared with the same months last year. Civil engineering works (roads) accounted for the largest share of this index in August, almost 60% of all construction projects. The revival in construction in the third quarter was accompanied by growing investments in equipment, another sign of increasing investment consumption. Having decreased in the first two quarters of 2002, domestic production of capital goods rose at a quarterly rate of 16.6% in the third quarter. Imports of capital equipment increased by 15.9%, expressed in American dollars, in the first nine months compared with the same period last year.

Government Consumption

The consolidation of government finance continued into 2002. Government expenditures for goods and services were 2.3% lower in real terms in the first half of 2002 compared with the same period last year, so that the share of government consumption in GDP was further reduced. Government consumption declined by 1.6% in the first quarter relative to

the last quarter of 2001 and by the same percentage in the second quarter of 2002.

The Ministry of Finance data show a rise of 5.1% nominally in consolidated central government expenditures on salaries and contributions in the third quarter and an increase of 6.9% in other purchases of goods and services in the same period. In view of the fact that the Croatian Highways and the Croatian Roads were excluded from the central government budget in early 2002, a consistent comparison of government consumption trends necessitates the inclusion of these two agencies' expenditures into the government budget. Together with the expenditures of these two agencies, general government expenditures for goods and services, reduced in the first half of the year, rose by 12.6% in nominal terms in the third quarter. Consequently, expectations are that the downward trend in government consumption will come to a halt.

Output

GDP estimates by production method are made based on the calculation of gross value added of residents' output, where GDP equals the sum of total gross value added of all resident institutional units and net taxes (indirect taxes less subsidies). The last available final data indicating the GDP structure according to production components are based on the annual GDP estimate for 2000. Gross value added (GVA) accounts for 81.1% of GDP, while the remaining part of GDP is accounted for by net taxes.

Industrial production accounts for the largest share in GDP, of which more than 80%, 17.6% of GDP, is accounted for by manufacturing. Public sector services account for the second largest share in GDP. Among these services, value added is the highest in public administration and defense and compulsory social insurance, while in education and health care it only slightly exceeds 4% of GDP. The downward trend in government consumption, started in 2000, reduced the share of public sector services in GDP, which was 2 percent-

age points smaller in the first half of 2002 than in 2000.

In 2000, 10% of total gross value added was generated by the primary sector (agriculture, hunting, forestry and fishing) and 30% by industry and construction. The remaining part was generated by services, which recorded the largest increase in value added since 2000. Trade thus grew the most in real terms in 2001, by 10.6%, while transport and communications and hotels and restaurants rose by 6.9% and 5.7% respectively.

Value added in trade rose considerably again in the first half of 2002. However, this rise was exceeded by the real growth of construction, whose value added increased by 13.3% compared with the same period in the previous year. Catering business, transport and communications and financial intermediation rose at above-average rates. Gross value

added in industry rose at a slower pace than gross value added in the economy. As industrial gross value added accounts for a large, almost one-fourth share in total gross value added, developments in industry have the strongest impact on total gross value added trends. Total gross value added increased by 4.0% in the first half of 2002 compared with the same period last year, equaling real GDP growth in the same period.

Industry

Gross value added in all three industrial sections (mining and quarrying, manufacturing and electricity, gas and water supply) rose by 2.0% in the first half of 2002 over the same period last year. Regarding its quarterly changes, gross value added rose by 1.6% in the first quarter and held steady in the second. Given such low rates of gross value added growth in the first half of 2002, it is unlikely that this year gross value added will exceed its 4.8% growth from 2001.

Measured by total volume indices, industrial production grew by 2.4% in the first half of 2002 compared with the same period last year. Industrial production rebounded in the third quarter of 2002 following adverse trends in the previous four quarters. After rising at negative quarterly rates in the last two quarters of 2001 and at an average quarterly rate of 1.9% in the first half of 2002, industrial production increased by 4.4% in the third quarter compared with the previous quarter, growing at an annual rate of 7.4%. This growth caused the increase in producers' stocks of final products. Due to strong performance in the third quarter, cumulative total volume of industrial production was up by 4.1% in the first nine months of 2002 in comparison with the same period last year. Nevertheless, it remains uncertain whether this increase in total volume of industrial production will strongly affect the rise in value added in industry in the remaining part of the year.

Positive industrial production trends in the third quarter are related to the recovery in manufacturing, which rose at a quarterly rate of 4.0%, with the highest monthly rise in Sep-

Figure 9

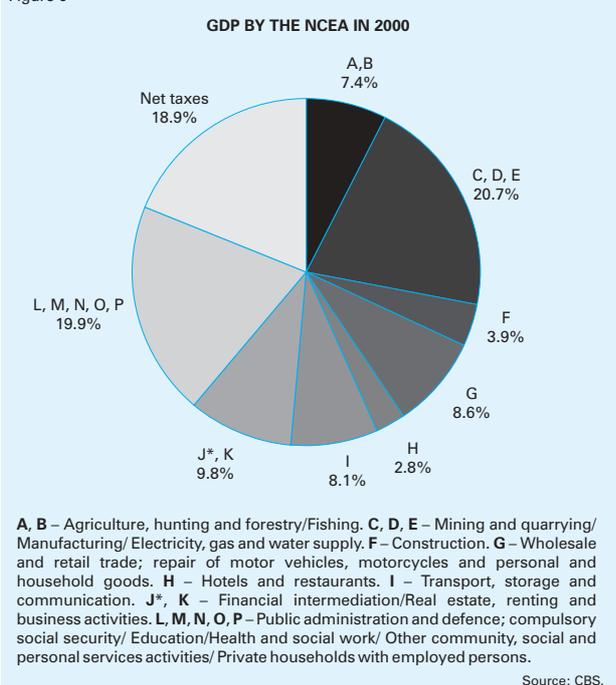


Figure 10

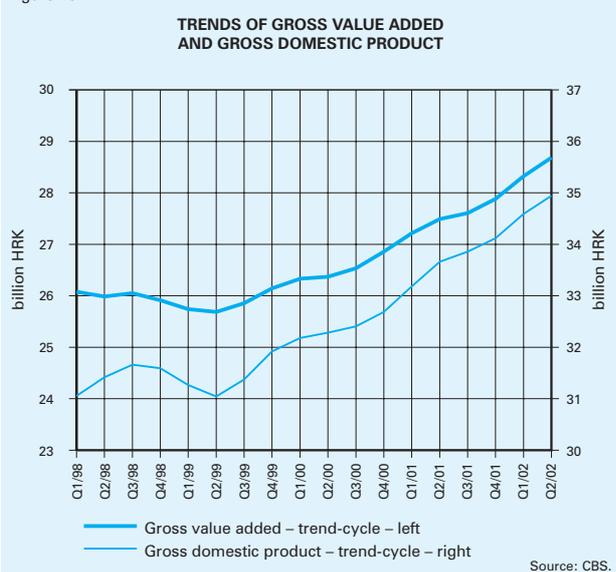
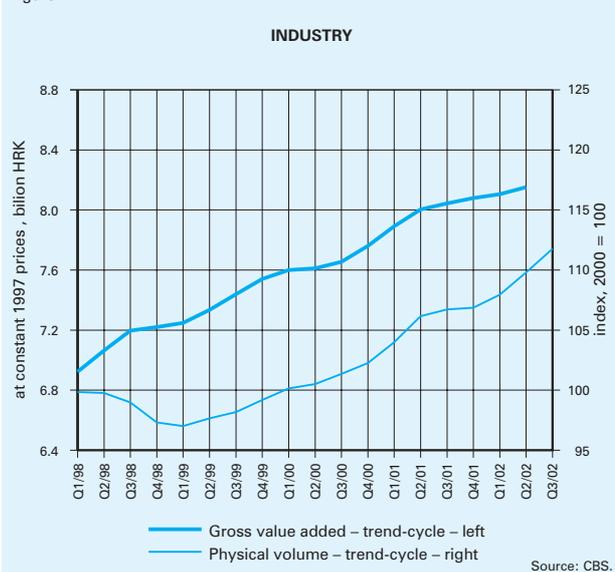


Figure 11



tember. The following manufacturing divisions contributed the most to the 3.5% annual growth rate of manufacturing in the third quarter: the manufacture of food and beverages, publishing and printing, the manufacture of other non-metallic mineral products and the manufacture of machinery and equipment. The manufacture of tobacco products, the manufacture of machinery and equipment and the manufacture of electrical machinery and apparatus recovered in the third quarter after negative trends recorded in the previous quarter. The manufacture of tobacco, wearing apparel and metals declined in the first nine months of 2002 despite more favorable developments in the third quarter.

The smallest manufacturing section, mining and quarrying, was also the most dynamic one in 2002. It grew at a cumulative rate of 15.8% for the year in September, mostly because of the sharp increase in the second quarter. Although this increase was followed by a negative quarterly growth rate of -5.2% in the third quarter, this section still grew at an above-average rate at the annual level compared with other industrial sections. Upward trends in mining and quarrying are related to heightened construction activities, as evident from the increase in the quarrying of stone and stone slabs required for road construction and other construction projects. Mining and quarrying rose at a cumulative annual rate of 47.6% in September.

Following its unsatisfactory performance early this year, electricity, gas and water supply rose at an annual rate of 2.0% cumulatively in September. Supply trended downwards in the first four months, while electricity imports rose, which can be attributed to unfavorable hydrographic conditions in the beginning of this year. As weather conditions improved in May, domestic electricity supply rebounded and energy imports slowed. Electricity, gas and water supply rose by 10.7% in the second quarter compared with the previous quarter, when it declined steeply. Upward trends continued into the third quarter, when the quarterly growth rate stood at 6.6%. However, monthly rates of change in energy supply suggest that in August and September it stagnated at the July level.

Figure 12

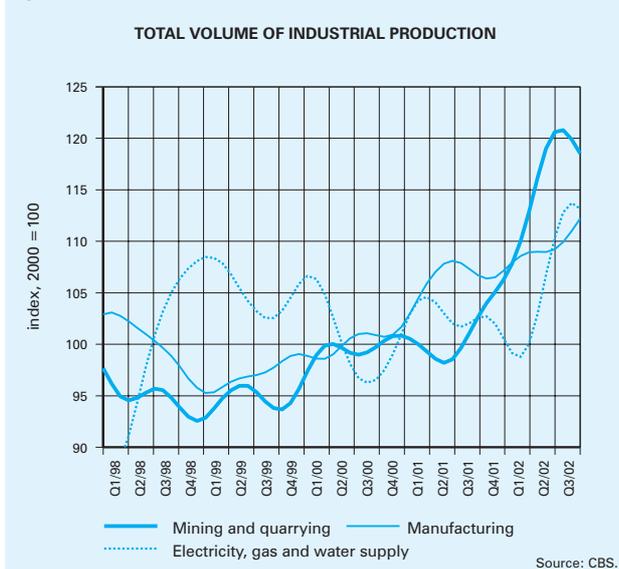
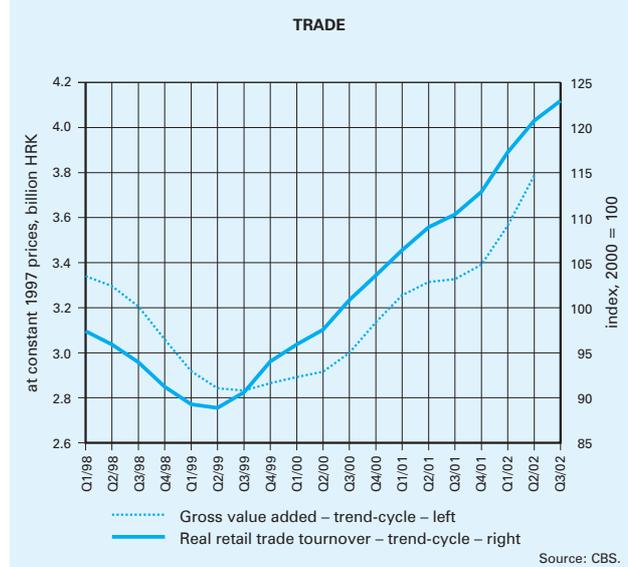


Figure 13



Trade

As mentioned above, gross value added in trade soared in the last two years. It grew at an annual rate of 10.6% in 2001 and by 11.4% in the first half of 2002 compared with the same period last year. Total trade turnover rose by 11.6% in real terms in the same period, corresponding with the growth of gross value added.

Trade was boosted by the opening of foreign chains of stores that introduced changes into this sector. Firstly, fewer Croatian citizens go shopping abroad. Secondly, due to fiercer competition in the domestic market prices have fallen and the range of products expanded. In addition, gray market activities, until recently accounting for a significant share of total trade turnover, have been curbed. Due to the fact that these activities were not officially recorded, official data on trade turnover and value added used to fall below the actual. High growth rates in 2001 and 2002 should therefore be attributed not only to the actual boom in the domestic trade but to an improved coverage of trade within official statistics.

Trade turnover grew even faster over summer months, 7.1% for the quarter. Real retail trade turnover rose by 17.2% in the third quarter compared with the same period last year and its cumulative growth rate stood at 12.9% in September. Retail trade turnover rates of growth were unexpectedly high in all three months in the third quarter, especially the July rate, which stood at 19.9%, mostly due to the 17.4% rise in the turnover of sale, maintenance and repair of motor vehicles compared with the same month last year. The turnover of motor vehicles held steady in August and continued rising in September.

Construction

Construction is the only activity whose gross value added rose at a negative rate in 2000 and at one of the lowest rates in 2001. The recovery of construction started in the second half of 2001 and accelerated in 2002. Gross value added in con-

Figure 14



Figure 15



struction thus rose by 13.3% in the first half of 2002 compared with the same period in the previous year. As a result of this steep rise in both physical and financial indicators, gross value added in construction grew the most in the current year, exceeding the growth of gross value added in trade.

Total volume of construction projects grew at a cumulative rate of 12.2% for the year in the said period. Financial results were better than forecasted in the first half of the year, due to technically and technologically more sophisticated and more expensive projects; e.g., advanced stages of road construction projects. Construction works done thus rose in value by 31.9% in the first half of 2002 compared with the same period in the previous year. More than a third of the total value of projects was accounted for by road construction. Parallel with the upward trend in domestic construction was the decline in construction projects abroad.

Expectations are that construction will further intensify in the second half of the year, especially in the third quarter, when it usually reaches its peak. In support of this are net construction project orders, which rose by a sharp 84.7% in the first half of 2002 in relation to the same period last year. Available data suggest that construction projects rose in volume in July and August, trending upwards at annual rates of 13.1% and 14.0% respectively in the same months. The cumulative annual rate of change of the construction project index rose as well, advancing to 12.6%, strengthening expectations that those upward trends will continue into the third quarter.

Tourism

According to the preliminary balance of payments data, foreign exchange income from tourism grew by a substantial 28.9%, expressed in American dollars, in the first half of 2002 compared with the same period in 2001. This rise was especially marked in the second quarter, as forecast by the growth of tourist arrivals and nights. Tourist nights rose at a cumulative rate of 8.4% in the first six months of 2002, suggesting the spread of the main tourist season to the off-season period.

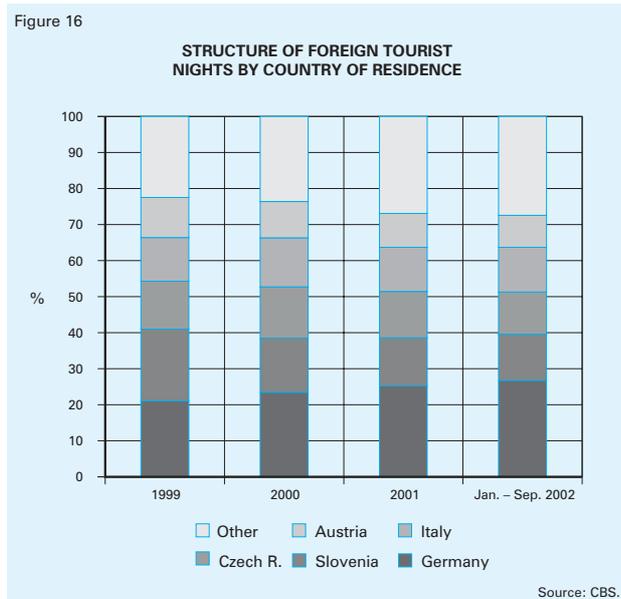
These developments primarily resulted from the increase in foreign tourist nights, which accounted for 84.6% of total tourist nights. However, only about a fifth of total nights is stayed in this period and they are heavily influenced by seasonal factors, such as weather conditions and holiday schedule.

Gross value added in tourism grew at more moderate rates in the observed period than suggested by data on foreign exchange income from tourism. Gross value added in hotels and restaurants rose by 5.9% in the first half of 2002 compared with the same period last year, recording equal rates in both quarters. This discrepancy can be accounted for by a large share of income from tourism that is not covered by official statistics on catering business trends.

Although two thirds of total tourist nights are commonly stayed in peak-season months, July and August, tourist arrivals and nights' growth in these months was negligible compared with the same months last year. This can be attributed to limited accommodation facilities in Croatia and adverse weather conditions in the countries of origin of most European tourists. Tourist nights rose at an annual rate of 1.1% and 4.3% in July and August respectively. Early in off-season, in September, tourist nights remained unchanged from the same month last year. Tourist nights rose by 2.6% over the first nine months of 2002, with fewer nights stayed by domestic and more by foreign tourists. Tourist arrivals advanced at a faster rate than nights, as an indication that the average tourist nights to arrival ratio decreased.

The July growth of tourist nights was mainly affected by the growth of nights stayed by tourists from Hungary and the Netherlands, while nights stayed by German tourists grew by 16.0% in August, following their decrease in July. Nights stayed by tourists from Western Europe continued positive trends in September. German tourists accounted for the largest share in the structure of foreign tourists (26.8%), followed by Slovene (12.8%), Italian (12.4%) and Czech tourists (11.8%). A comparison of changes in tourist nights in the first nine months suggests that the 10.6% increase in German

Figure 16



tourist nights contributed the most to the rise in tourist nights, given the fact that these nights account for 24.0% of total tourist nights stayed in that period. Tourist nights stayed by Czech, Polish, Slovak and Slovene tourists decreased at considerable rates in the first nine months, -7.5% , -12.8% , -8.5% and -2.5% respectively.

Transport and Communications

Gross value added in transport, storage and communications rose by 5.9% in the first half of 2002 compared with the same period in the previous year. Transported passengers declined by 4.6% in the same period, while goods transport rose by 1.7% compared with the first half of the previous year. Value added in transport and communications rose at above-average rates, mostly on account of the thriving telecommunications sector, especially its mobile networks.

Transport of passengers and goods showed better results in

the third quarter than in the first half of the year. Transport of goods was up 2.6% in the third quarter compared with same period last year, mainly due to the 9.1% rise in road transport. Goods transport rose by 2.0% in the first nine months, because of increased pipeline and road transport. Additionally, the number of transported passengers remained stagnant in the third quarter compared with the same quarter in the previous year; the decline in transported passengers in railway transport was offset by better performance of sea and air transport. Despite the fact that the third quarter saw more favorable trends than the first half of the year, transported passengers decreased by 2.9% in the first nine months compared with the same period last year. Minutes spent rose by 12.8% and 50.7% in the immobile and mobile network respectively in the third quarter compared with the same period last year. Minutes spent in the mobile network increased by 49.7% in the first nine months of 2002 in comparison with the same period last year.

Labor Market

Developments characterizing labor market in the first half of 2002 continued into the third quarter. Favorable economic trends had a stronger impact on labor demand growth than in the previous years. Consequently, outflow from the CEI register to employment rose considerably while wages grew at an accelerated rate.

The latest available Labor Force Survey data, referring to the first half of this year, suggest continued employment growth and a fall in the unemployment rate. Administrative data on unemployment also suggest that it will trend downwards, although no sooner than the third quarter. Declining registered unemployment and rising net outflows from the CEI register resulted both from the restrained restructuring pace which reduced inflows into the register and from institutional changes instigating inflows into the CEI subregister by the end of the third quarter. Job seekers, job holders included, entered in the subregister are entitled to CEI intermediation in employment, but not to other rights enjoyed by registered unemployed. However, they are neither obliged to report regularly to the CEI as registered unemployed.

Unemployment and Employment

There are two main reasons why such net outflows from the CEI register continued into the third quarter of 2002; commonly a period of the seasonal growth of registered unemployment. Firstly, outflow from the CEI register to employment rose further in the third quarter. This rise was more substantial than in the first half of the year so that the annual rate of outflow from the CEI register to employment stood at 34.2%. Total outflow from the register to employment amounted to 134,000 in the first nine months of this year, rising by 21.1% over the same period last year. Secondly, clearing from the records for other reasons increased on account of the employment intermediation reform. However, such net outflows from the register were also due to somewhat

Figure 17

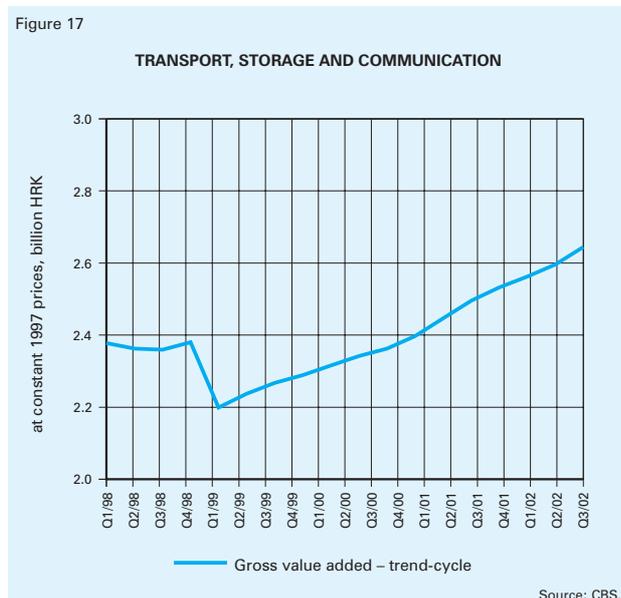


Figure 18

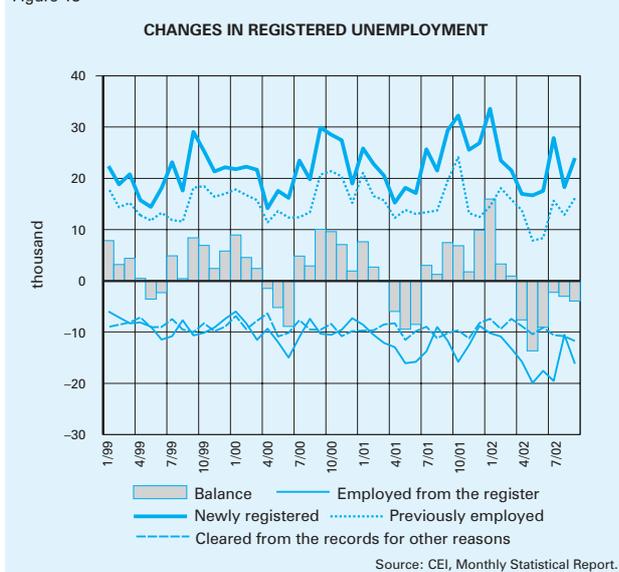
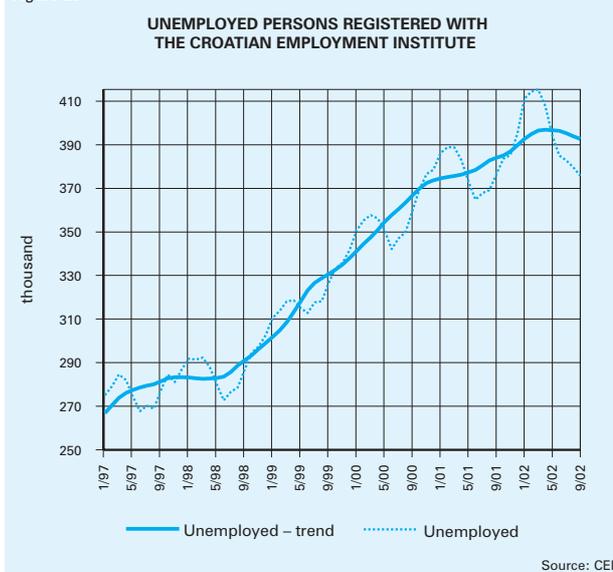


Figure 20



lower inflows into the CEI register, both of the previously employed and persons seeking first job. In addition to a slower pace of restructuring in the economy, lower inflows were caused by the institutional employment intermediation reform. Specifically, this implies the establishment of the CEI subregister, enabling job seekers to register with the CEI without having an obligation to report to it regularly. However, under the Law on Employment Intermediation and Rights during Unemployment these persons are not given the status of unemployed. Slightly less than three thousand persons were entered in the CEI subregister in late September, most of them young. These persons enjoy fewer rights compared with registered unemployed, but have fewer obligations as well, which is possibly the reason why a number of unemployed opted for transfer to the subregister. The slowdown in the process of restructuring is reflected in the number of persons registered with the CEI owing to their employers' cessation of work. After growing at a fast rate in the last quarter of 2001

and in the first quarter of 2002, this number remained steady and started decreasing in the second quarter, continuing the downward trend in the third quarter.

The increase in outflow from the CEI register to employment in the first and second quarters was mainly prompted by the GDP growth of over 4% in the first half of the year. Although GDP growth indicators related to the third quarter are not yet available, labor demand trends suggest that strong economic growth continued. The majority of newly employed, usually more than four fifths, are temporarily employed, so that heightened labor demand dynamics can be partly attributed to increased fluctuation in the register. The structure of employment according to the kind of employment is another sign of the inflexibility of labor legislation wherefore entrepreneurs avoid concluding permanent employment contracts.

Due to the considerable increase in outflow from the CEI register and a slightly lower decrease in inflow, registered un-

Figure 19

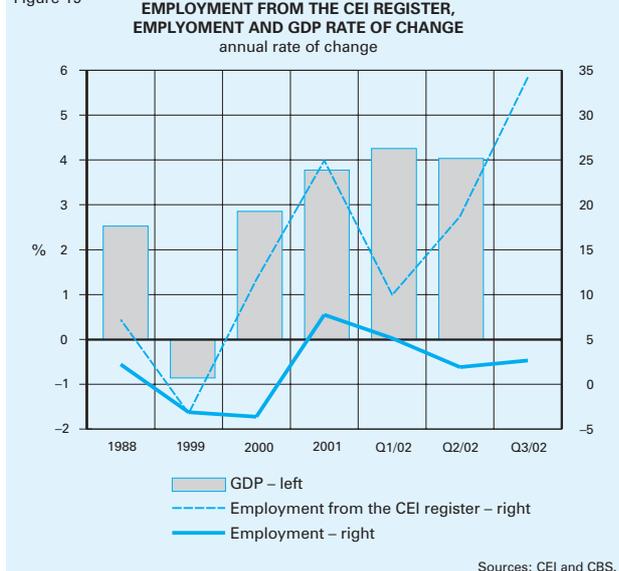


Figure 21

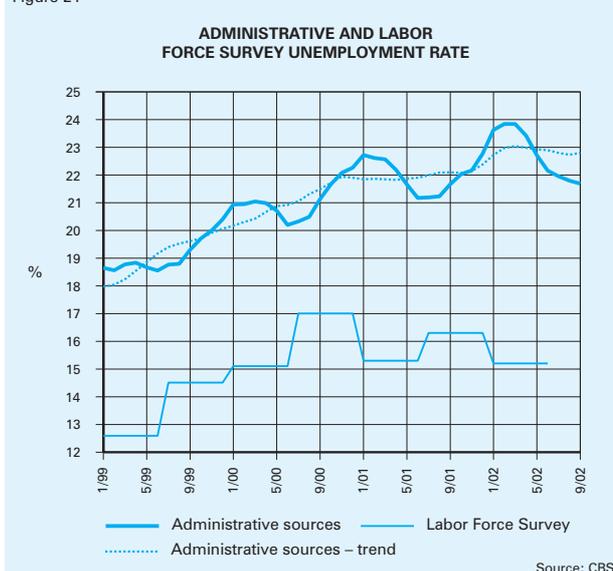


Figure 22

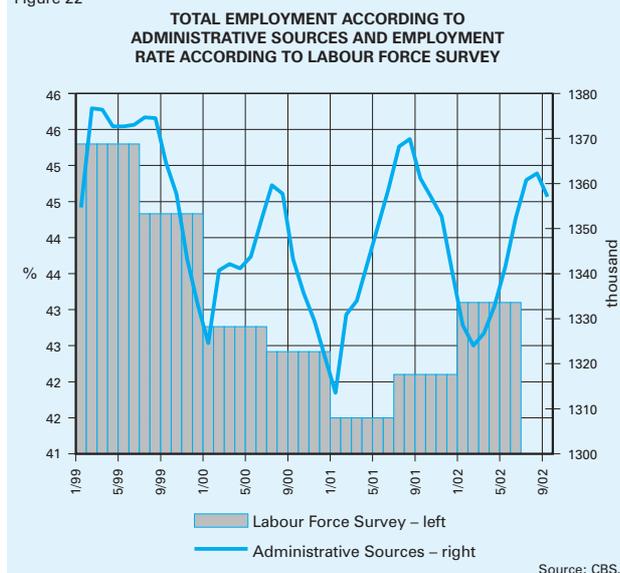
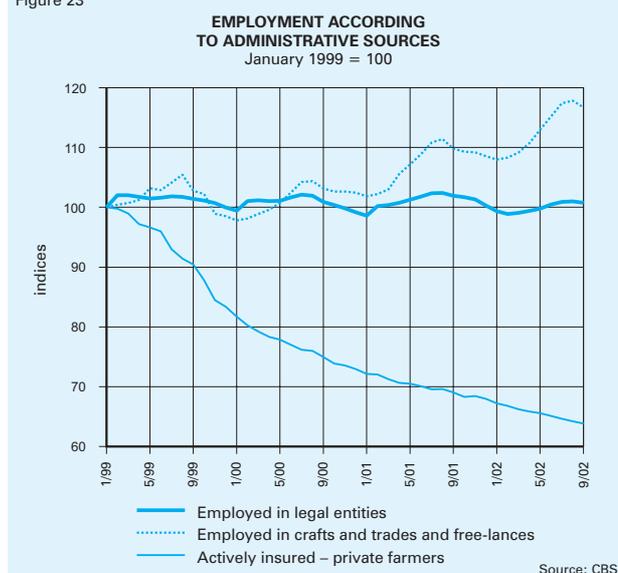


Figure 23



employment continued to fall over the third quarter. September was thus the sixth successive month that saw a fall in registered unemployment, totaling 376,000 late in the month, a decrease of about 1,000 (0.2%) compared with the same month last year. As the third quarter is commonly a period of seasonal employment growth, this year's developments reversed the upward trend in unemployment, which started weakening at mid-year. Similar trends in registered unemployment can be perceived disregarding the effect of the fluctuation of registered war veterans, an extremely volatile component of registered unemployment owing to changes in the institutional framework. Naturally, while interpreting the registered unemployment trend one should take into account institutional changes occurring in the previous months and ensuing methodological discrepancy in the data series.

As a result of the registered unemployment dynamics, the administrative unemployment rate trended downwards. The downward trend was forecast by the Labor Force Survey unemployment rate, on the downward trend from early 2001. According to the latest Labor Force Survey carried out in the first half of 2002, the unemployment rate stood at 15.2%, a decrease of 1.1 and 0.1 percentage points respectively compared with the second and first quarters in 2001.

Labor market conditions and dynamics during economic recovery are probably better illustrated by employment indicators than by unemployment trends. According to the preliminary CBS data, employment fell by 4,000 in September compared with the same month last year, a decrease of 0.3% for the year. However, owing to the bias of preliminary employment indicators, resulting from a disproportionately large share of large enterprises in the sample compared with their actual share in all legal entities and difficulties in surveying agricultural population, it is almost certain that the final data will suggest an increase in employment. Such employment dynamics can be anticipated since employment grew at the annual level early in the year and final adjustments have already been made for that period. The Labor Force Survey suggests that employment started to grow as early as in the first half of

2001, when it bottomed out. According to the latest indicators for the first half of the year, the Labor Force Survey employment rate was 43.1%, an increase of 1.6 percentage points compared with last year.

Remaining the most dynamic employment category and the only one growing at the annual level in the third quarter, employment in crafts and trade and among freelancers rose by 13,000 (6%) in that quarter compared with the same period last year. Preliminary data suggest that the reduction of employment in legal entities only slightly exceeded the growth of employment in crafts and trade. Individual farmers insured with the CPII, comprised by total employment according to the CBS methodology, decreased by almost 6,000 in the same period, declining by 7.5% annually.

According to administrative sources, labor force held steady at the annual level in the third quarter, following the increase in the first half of the year. This was due to the continuous downward trend in registered unemployment in the third quarter, which was not accompanied by employment growth. As shown by the Labor Force Survey, labor force also rose in the first half of 2002 compared with the same period last year. According to the latest Labor Force Survey the activity rate of working age population was thus 62.3%, an increase of 0.1 and 1.3 percentage points respectively compared with the second and first quarters in 2001. This increase was generated by the growth of employment that was not completely offset by the fall of unemployment.

Wages and Labor Costs

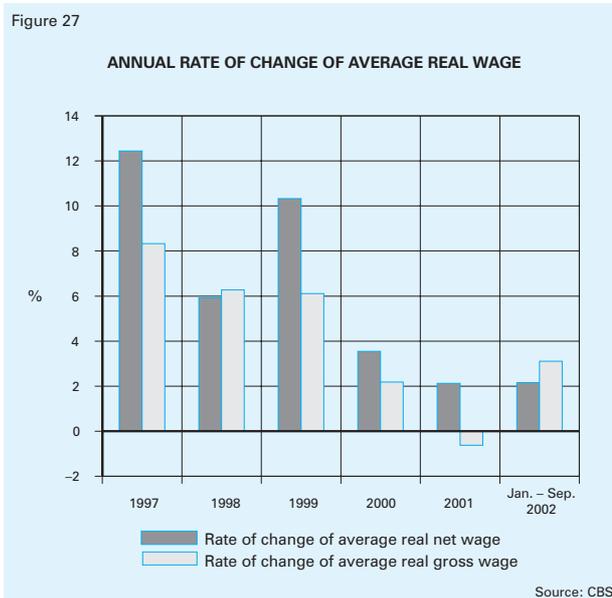
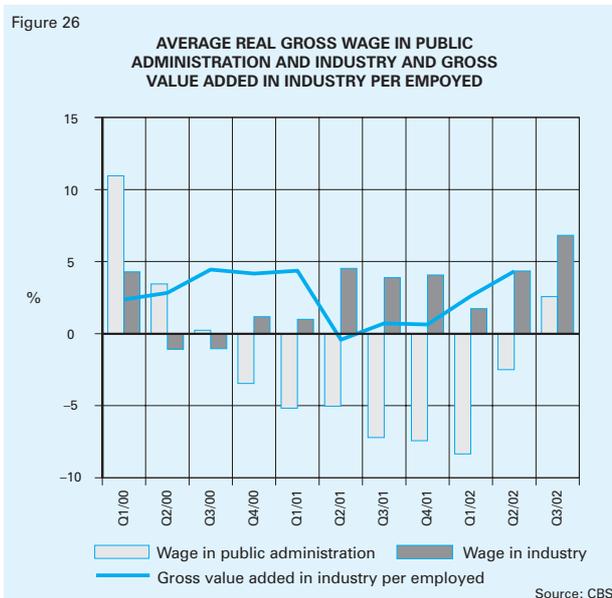
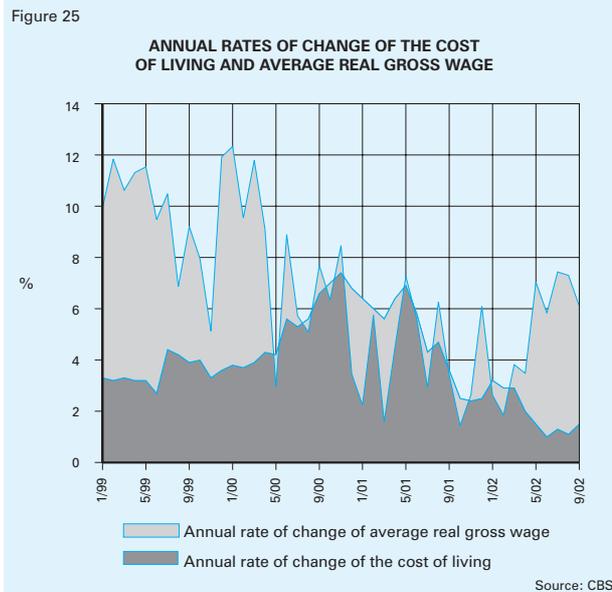
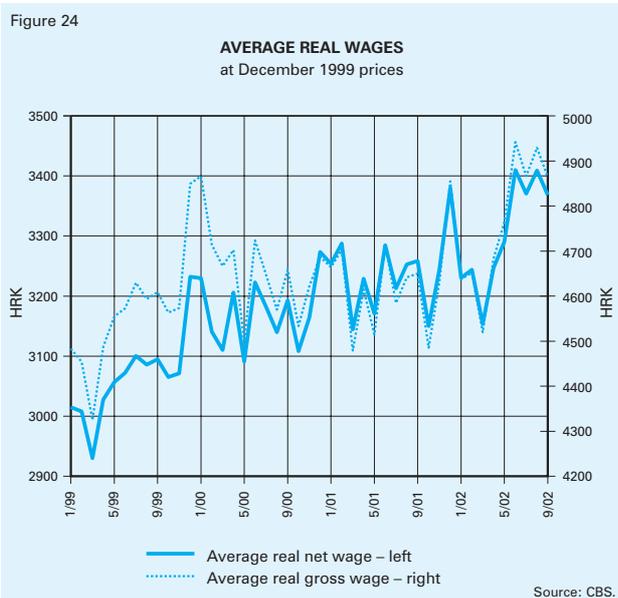
Wages grew again at a restrained rate late in the third quarter. However, their growth rate still exceeded their average annual rate of growth in the first nine months of 2002. Given this wage dynamics, it seems that higher average wages paid in July and August mainly derived from bonuses that were somewhat more generous than in the previous year due to favorable business forecasts.

The accelerated growth of average real wages partly re-

sulted from the slowdown in the cost of living growth in the third quarter of 2002. Although affected by lower inflation, real wage growth is primarily determined by nominal wage growth. The average net wage grew by 4.4% annually in the third quarter, twice the figure of the annual growth rate of the average real net wage in the first nine months. The average real gross wage grew at a somewhat higher rate than the average net wage both in the third quarter and in the first nine months of this year. It rose by 5.6% in the third quarter and grew at a rate of 3.1% in the first nine months of this year. Due to the low cost of living growth rate, the growth of average nominal wages did not substantially outstrip real wage growth.

As in 2001, wage growth in 2002 was generated by the increase in wages outside public administration. However, since the wage policy in the public sector was less restrictive in the third quarter than in the last two years, that quarter saw the first annual real rise in the average gross wage in the public sector since mid-2000. The growth of wages in industry was also somewhat stronger in the third quarter compared with the previous two years. In view of the upward trend in the economy and increased labor demand, such slightly accelerated wage growth is not surprising. Nevertheless, wage trends will be more strongly influenced by wage negotiations in the public sector expected in the following months.

The average gross wage, that is total labor costs, rose at a faster rate than the net wage in the first nine months of this year. Due to the progression within the tax system, this wage dynamics was customary for the years when tax concessions were not increased, as was 1998. In the previous few years, however, tax reforms were very often aimed at reducing labor-related tax burden. In 2000, personal deductions were raised while in 2001 tax scale was increased by introducing the new highest rate and the differentiation of tax rates was more accentuated. In 2002, neither tax concession entitlements were extended nor compulsory contribution rates reduced. Consequently, the rate of growth of the average real net wage equaled that in 2001, which resulted in a



considerable increase in this year's labor-related tax burden compared with the previous year when the average real gross wage decreased. As tax reform comprising a rise in personal deductions is expected early next year, pressures on the growth of labor cost are likely to be relieved in that period.

Prices

Inflation measured by the year-on-year rate of change of the retail price index (RPI) trended downward in the first nine months of 2002, from 3.2% at the end of the first quarter to 2.2% at the end of the second quarter and to 1.5%⁴ at the end of the third quarter. However, RPI inflation rose to 2.1% in October. The inflation rates for the first ten months of 2002 show that the central bank continues to be successful in pursuing its primary objective of maintaining a low rate of inflation. The CNB interventions in the foreign exchange market contributed to the stability of the exchange rate of the kuna against the euro, which in highly euroized economies like ours has a decisive effect on the stability of inflationary expectations. In addition, other factors that are not under the control of the domestic monetary authorities also influenced the easing of inflationary pressures in 2002. The decrease in tariff rates due to the liberalization of foreign trade, the fall in producer prices in the euro-zone⁵ in 2002 over 2001 and this year's strong depreciation of the kuna against the US dollar made room for the fall in prices of numerous import inputs and imported final products. The continued opening of foreign chains of stores in the Croatian market gave an additional impetus to the competition and retail trade efficiency.

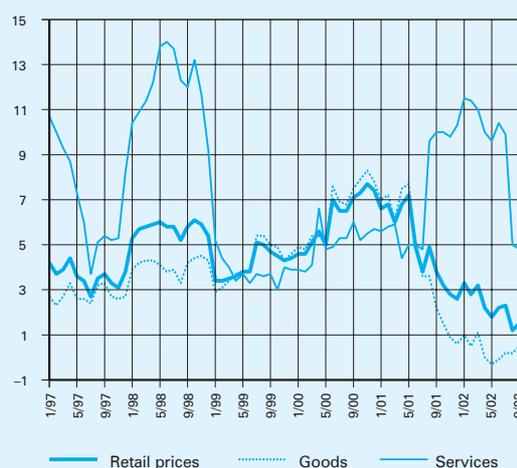
The importance of price stability was recently one of the issues upon which economic experts almost reached consensus. By analyzing the developments and attainments of the professional literature in this area, the monetary authorities of many countries, including Croatia, have concluded that the maintenance of price stability is the main contribution which the monetary policy can give to the economic growth. The reasons for this are numerous. Inflation, i.e. deflation is the one which distorts the relative prices the most. The price mechanism, as the source of relevant information for all market participants, is greatly distorted in the conditions of price instability. The uncertainty and dubiousness of the future events largely distort judgements and create (often enormous) expectations which largely minimize the possibility to make good economic and investment decisions. Therefore, for example, the savings often decrease in inflationary conditions,

domestic currency is supplanted by foreign currency or material goods whose value does not impair, investments are discouraged and capital outflow is encouraged. Overall, the inflationary environment negatively influences the economy competitiveness in the international market, limits and slows down its growth, lessens the credibility of the whole economic policy and greatly undermines the possibility to implement the efficient structural economic reforms. Economic costs of inflation are also unevenly distributed. Inflation, as a rule, heavily hits the undereducated and needy social strata. Subjects which make use of inflation, as a result of their capability to recognize an opportunity and invest financial assets in goods whose value rises in the inflationary climate or as a result of pure coincidence, are those who make it to the detriment of others in the community.

The third quarter of 2002 saw the lowest inflation rate measured by the year-on-year rate of change of the RPI in August, 1.2% or 1.1 percentage point below that registered in

Figure 28

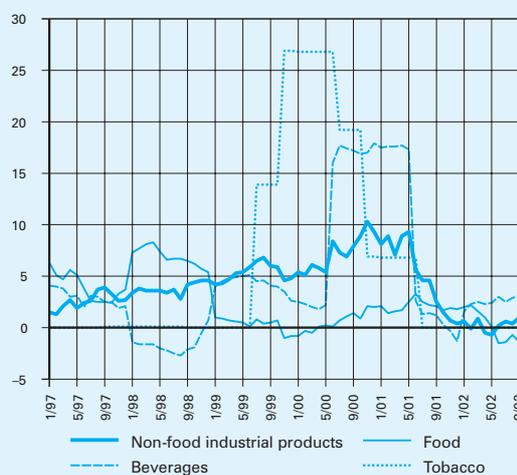
RETAIL PRICES, TOTAL AND BY MAIN COMPONENTS
year-on-year rate of change = rate of change from the same month of the previous year



Source: CBS.

Figure 29

GOODS PRICES
(from the RPI) by components
year-on-year rate of change



Source: CBS.

4 The inflation figure for September published in the corrected CBS First Release on 8 November was 0.3 percentage points below the originally published monthly figure. The new calculations were adjusted to the Government's decision made in October, which alleviated the increase in electricity prices for households and small enterprises. The electricity company was required to change the ratio of a lower tariff from 20% to 30% and to include it in the calculation of advance payments for households. According to the CBS data, the average monthly increase in electricity prices fell from 20.5% (the first calculation) to 5.7% (the calculation adjusted to the Government's decision) in September.

5 The euro-zone registered the negative year-on-year rates of change of producer prices in the January-August period. However, their year-on-year rate of change was positive in September and stood at 0.1%.

Figure 30

RETAIL PRICES AND CORE INFLATION^a
year-on-year rate of change



^a Core inflation is calculated in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded from the basket of goods and services used in the calculation of the retail price index. The methodology for calculating core inflation is explained in detail in CNB Bulletin No. 61 (2001). Source: CBS.

Figure 32

AVERAGE OIL PRICES^a ON THE WORLD MARKET



^a It is calculated as the average of the following oil prices (prompt delivery): Dubai Fateh, UK Brent and West Texas Intermediate. Source: Bloomberg.

Figure 31

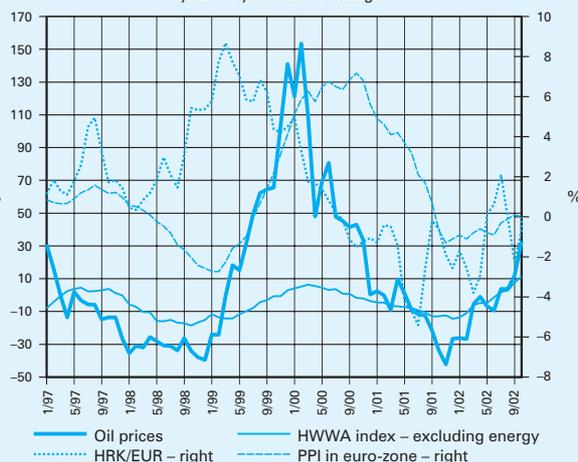
CONTRIBUTIONS^a OF THE RETAIL PRICE INDEX COMPONENTS TO YEAR-ON-YEAR INFLATION RATE



^a The contribution is defined as the relative importance of a certain component of the retail price index in total inflation. The sum of contributions of all components expressed in percentage points in a relevant month is the amount of the year-on-year inflation rate. In addition to percentage points, contributions may also be expressed in percentages. Sources: CBS and the CNB calculations.

Figure 33

IMPORTED INFLATION: OIL PRICES, THE HWWA RAW MATERIALS PRICES INDEX^a, THE AVERAGE KUNA-EURO EXCHANGE RATE AND PRODUCER PRICES IN THE EURO-ZONE
year-on-year rate of change



^a The Hamburg Institute of International Economics (Hamburgisches Welt-Wirtschafts Archiv, HWWA) constructed the aggregate index of raw materials prices in the world market, the so-called HWWA. The HWWA index is the indicator of movements in costs for imported raw materials (it includes a total of 29 raw materials, or 27 excluding energy) and it is used in analyzing the influence of changes in the prices of raw materials in the world market on changes in prices in industrial countries. The index is calculated on the basis of raw materials prices expressed in US dollars. Sources: Bloomberg; HWWA, Wirtschaftsdienst; Eurostat and CNB.

July. This considerable fall in inflation rate resulted from the decrease in the year-on-year growth rate of services prices from 9.9% in July to 5.0% in August and can to a large extent be attributed to the negative impact of the base period (i.e. an increase in the aggregate level of services prices in August 2001 due to a significant increase in prices of immobile network telecommunication services). Since the telecommunication services prices are administratively regulated, the contribution of the year-on-year growth rate of administrative prices to the overall year-on-year inflation rate decreased significantly in August. The contribution of agricultural products to the overall year-on-year inflation rate was negative in the third quarter and October, ranging between -0.1 percentage point and -0.2 percentage points.

The monthly growth in retail prices was as strong in Octo-

ber as in September (0.5%) and thus contributed to the upsurge in the year-on-year inflation rate. The growth in the overall RPI in September over that in August resulted from the increase in electricity prices (5.7%), the seasonally common growth in wearing apparel prices (1.1%) and the increase in prices of text books (2.2%). The increase in the natural gas price of 11.0% on average in September in comparison with August did not cause the increase in the RPI because this product is attached a small weight. Within the group of administrative prices, in addition to the increase in electricity and natural gas prices, the significant increase was also registered in prices of city transport in September in comparison with August due to an increase in the ZET's services prices. The strong monthly increase in retail prices of 0.5% in October was to a large extent the result of seasonal increase in

Box 1: Some Price Effects of the Payment System Reform

The payment system reform, introduced in early 2002, brought about changes in the pricing of payment system services. The FINA (formerly ZAP) used to determine the prices of individual transactions on the basis of different transaction elements. According to the new method, banks have established uniform prices for individual transactions that vary depending on the transaction type and the manner of its execution. However, even banks have not fully synchronized the pricing methods, so that certain banks use a combination of fixed transaction price and a variable price, which depends on the transaction value. The differences in current prices are also based on whether transactions are executed within the same bank or the funds are transferred to the giro account of an enterprise having an account with another bank. Finally, enterprises may choose the time of crediting the recipient's account, which normally has an impact on the pricing. Another obstruction to enterprises' assessment of costs resulting from the payment system reform is the variety of modes of payment (through electronic or magnetic media or by paper invoices payable in bank and FINA offices). Prior to the payment system reform the choice of modes of payment available to enterprises was rather limited.

In order to avoid the above mentioned problem and assess the price effects of the payment system reform, i.e. its impact on the average transaction price, the CNB conducted a survey into transaction distribution based on a sample of banks. The survey dealt with the distribution of cashless transactions, which are the focus of our attention. The results of the survey, i.e. the data on the cashless transaction distribution were used to simulate the average price of a cashless transaction. The transaction distribution is a vital element of the simulation, because the prices of various transaction categories may vary up to ten times from bank to bank. The simulation results were compared with the average cashless transaction price payable to IPT in 2001. This price was calculated on the basis of the total number of cashless transactions, their volume and the revenues received by FINA for the provision of payment services.

The survey leads to several conclusions about the structure and prices of cashless payment transactions, as well as their evolution over the short post-reform period. Firstly, the facilities of the FINA, i.e. its business offices, are still very important for conducting payment transactions. According to the available data, more than a half

of cashless transactions were conducted at the FINA's customer service desks as recently as end-September. The role of FINA facilities was even more important in the first months of the reform implementation, but it was reduced due to a fast growth of electronic transactions. The change in the structure of transactions also had an impact on the average cashless transaction price. The simulation results indicate that the average cashless transaction price grew by some 40% in the first month after the reform, compared with the average price payable to IPT (currently FINA) in 2001. However, as early as the next month the average cashless transaction price dropped by some 10 percentage points, due to the participation of a larger number of enterprises in the electronic payment system. The tendency continued in the following months, so that in September, i.e. half a year after the introduction of the payment system reform, the average cashless transaction price outdid the average price in 2001 by more than 20%.

In view of these trends and the fact that the payment system reform was implemented only six months ago, it can be assumed that electronic transactions will probably gain in importance. Should this happen, the convergence of prices will continue as well. If the remaining potential for the expansion of electronic transactions is fully realized, that is if they become dominant in the payment system, the advantages of the new payment system will be reflected in a lower average transaction price.

In conclusion, consideration should be given to factors limiting the interpretation of the results. Firstly, price elements of other payment system services (e.g. opening accounts or issuing statements) were not taken into account, although the pricing policy related to other services may significantly influence total payment system costs. Secondly, the analysis of price effects did not comprise the quality of services, that is the range of services provided by payment system agents. Due to a wider range of services that became available to enterprises following the reform, they can partially justify the increase in the average service price. However, the loss of some financial information on business operations could be the reason for a lower quality of payment system services. Finally, the impacts of the payment system reform on the cost distribution in payment operations between enterprises were not taken into account. Although large enterprises with sophisticated information systems have probably been in a better position to exploit the latest advantages, small enterprises can also streamline their payment system operations in a very simple and cost effective way.

prices of wearing apparel (4.2%), liquid fuels and lubricants (0.9% on average) and services (0.3%).

The core inflation indicator does not include the contribution of changes in prices of those RPI components whose movements are not under the control of monetary authorities in large measure (agricultural products, administrative prices, including energy prices) and to a great extent indicates the inflationary pressures which emerge from the imbalance between demand and supply in the labor market, i.e. in the market of final products. In the first eight months of 2002, the year-on-year core inflation rate trended downward from 1.9% in January to only 0.3% in August, suggesting that demand-side inflationary pressures have lessened. Following these movements, September and October saw the strong monthly growth rates of core inflation of 0.3% and 0.5% respectively, which rose the year-on-year core inflation rate to 0.6% in September and 1.1% in October. This increase was of a transitory character and resulted greatly from changes in prices of certain core inflation index components which usu-

ally grow in the fall (clothing, footwear, textbooks) and are assigned bigger weights in the core inflation index than in the retail price index.

From the beginning of 2002 to end-October, the retail prices of liquid fuels and lubricants rose on average by 10.3% due to the strong price pressures in the world market⁶ which were to some extent sustained by the significant straightening of the kuna/US dollar exchange rate. As a result, the crude oil price in the world market,⁷ expressed in US dollars, rose by 48.7%⁸ in the first ten months in comparison with the end-2001, while the average daily price of crude oil rose from \$18.5 a barrel in December 2001 to \$27.5 a barrel in October 2002. This year's highest average price of crude oil of \$28.3 was registered in September. The growth in crude oil

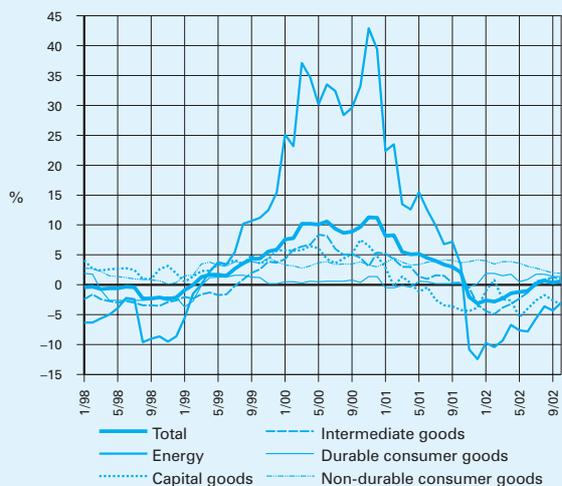
6 Except the growth in prices of liquid fuels and lubricants in January 2002 which was brought about by the introduction of additional road duties.

7 It is calculated as the average of the following spot prices of crude oil: Dubai Fateh, UK Brent and West Texas Intermediate.

8 That is, 35.9% if the price of crude oil a barrel is expressed in kuna.

Figure 34

PRODUCER PRICES OF INDUSTRIAL PRODUCTS BY MAIN INDUSTRIAL GROUPINGS
year-on-year rate of change



Source: CBS.

prices didn't emerge from the relationship between global demand and supply. The global demand for this source of energy trended down in the first six months of 2002 and then rose slightly. The supply was satisfactory because restrictive OPEC oil production quotas were above those set at the beginning of 2002 and the supply of non-OPEC countries was on a steady upward trend. The increase in crude oil price was therefore strongly influenced by political tensions in the Middle East and the registered prices of crude oil also included a "crisis premium". Although OPEC free capacities to match the short-term needs, estimated at around 5 million barrels a day, are more than sufficient to make up for a shortage in deliveries in case of an interruption in Iraqi oil exports, the embedded crisis premium reflects the concern of the market participants that the Iraq crisis might widen to neighboring states. The situation in the Middle East was brought under the control at the beginning of November, and Iraq accepted the UN Security Council disarmament resolution in mid-November. These developments contributed to a gradual decrease in premium level and decreased the price of crude oil in the world market. Accordingly, the spot price of crude oil dropped to \$23.2 a barrel on 13 November 2002, a 10.0% below the price registered at end-October.

The year-on-year rate of change of domestic producer prices of industrial products was on a continued upward trend in the first nine months of 2002. It grew from -3.1% at end-2001 to 0.4% at the end of the third quarter of 2002 and to 0.6% in October. The prices of energy and capital goods fell by 3% and 3.3% respectively in October in comparison with the same month last year, while other industrial groupings registered the year-on-year inflation rates below 2.0%.

Exchange Rate

In the first nine months of 2002, the kuna/euro exchange rate was mostly under the influence of the appreciation pressures. These pressures were generated by increased supply of foreign currency, which resulted from the growth in foreign exchange deposits with banks, foreign exchange inflows from borrowings taken by the government and CH abroad, inflows from tourism and the expected further inflows from foreign borrowings and privatization of certain state-owned enterprises. In order to lessen these pressures, the central bank intervened in the foreign exchange market and purchased EUR 553.75m (net) from banks in the first nine months of 2002. As a result, the kuna/euro exchange rate fluctuated within relatively narrow boundaries. Overall, the kuna/euro exchange rate strengthened by a total of 0.39% in the first nine months, and the value of the euro fell from 7.37 kuna on 31 December 2001 to 7.34 kuna on 30 September 2002. The demand for foreign exchange boosted in the domestic foreign exchange market in October and built up the depreciation pressures, which were eased after the CNB held two auction on 22 and 25 October and sold to banks a total EUR 79.8m. In addition, the CNB sold USD 1.39m to the Ministry of Finance for the repayment of the SAL in the foreign exchange market on 15 October and purchased EUR 60.0m on 25 October, which originated from the CH's borrowing. Accordingly, the final effect of the central bank's interventions was the sale of foreign exchange in the amount of USD 20.7m (net). The kuna demand grew in the first half of November and resulted in a mild strengthening of the kuna against the euro (0.34%) (31 October to 15 November).

With the stable kuna/euro exchange rate and a considerable weakening of the US dollar/euro exchange rate in the international foreign exchange market, the kuna/US dollar exchange rate strengthened by a total of 10.19% in the first nine months of 2002, and the US dollar dropped from 8.36 kuna on 31 December 2001 to 7.51 kuna on 30 September 2002.

Figure 35

DAILY NOMINAL EXCHANGE RATE - HRK VS. EUR* AND USD



* ECU until January 1999.

Source: CNB.

Figure 36

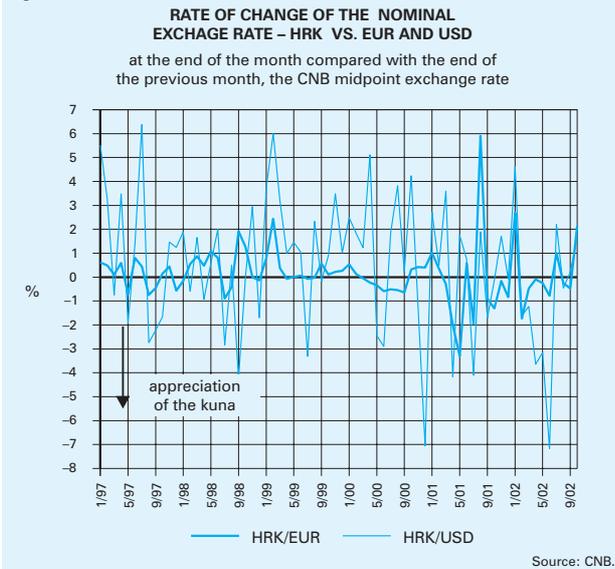
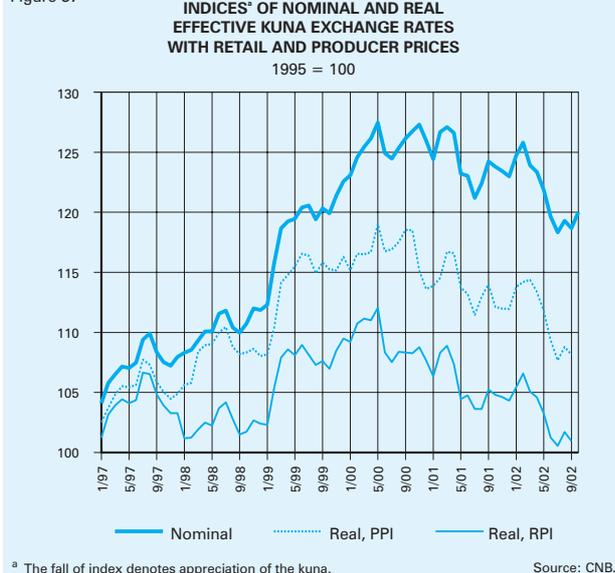


Figure 37



The strengthening of the kuna against the US dollar heavily influenced the appreciation dynamics of the index of the nominal effective kuna exchange rate (by a total of 3.54%). Following the release of the data on the fall in personal consumption and growing unemployment in the USA, the global foreign exchange market saw the strong depreciation pressures of the US dollar on the euro at the end of October and in the first half of November. Thus, after its weakening against the US dollar in October (by a total of 1.63%), the kuna appreciated significantly against the US dollar between 31 October and 15 November (2.64%).

With the appreciation of the nominal effective kuna exchange rate of 3.5% and somewhat modest growth in prices in Croatia than in countries whose currencies account for major shares in the basket for the calculation of the effective exchange rate (the euro-zone and the USA), the index of the real effective kuna exchange rate appreciated by 3.24% (deflated by retail prices) and by 3.41% (deflated by producer prices) in the first nine months in comparison with end-2001.

Monetary Policy and Instruments

Monetary Environment

Monetary policy in the third and at the beginning of the fourth quarter of 2002 was pursued in the environment of stability. Following heavy interventions in the second quarter, the absence of significant exchange rate pressures in the third quarter made any large scale CNB intervention in the foreign exchange market redundant. Mild depreciation which took place at the beginning of the fourth quarter was offset by two smaller interventions, stabilizing the exchange rate in November.

Inflation measured by the year-on-year rate of change in the retail price index reached its minimum of 1.2% in August, with core inflation amounting to 0.3%. The increase in administrative prices during September and October caused a mild growth in retail prices. However, the change in the level of retail prices of 2.1% on the annual level in October, shows macroeconomic stability as still holding strong.

Bank placements to other sectors are still growing rapidly. This increase in placements is the result of large household foreign exchange inflows at the end of last year, which for the most part remained in the banking system (the annual growth rate of kuna and foreign exchange deposits at the end of October was 21.0%). Deposit money banks placed these funds on the domestic market during the year, replacing foreign assets with domestic assets. Robust growth in credit activities was boosted by economic recovery and stronger presence and competition of foreign banks on the Croatian market and it also partly reflects the fact that the share of credits in GDP is low.

Monetary Policy

Following its constant growth from the beginning of 2000, *reserve money M0* held steady in the third quarter of 2002, and started falling at the beginning of the fourth quarter. The last days of September saw a somewhat more intensive transfer of funds from the accounts of banks to the government account, which is shown in Figure 38 as a decrease in reserve money in the third quarter. The stagnation and the fall in reserve money actually represent an adjustment of M0, following its robust growth in the last quarter of last year and in the first half of this year and do not reflect any active change in monetary policy. At the end of October, M0 stood at HRK 20.3bn, which is an increase of 26.4% compared with October last year.

The stagnation in reserve money in the third quarter was primarily due to a decrease in the settlement accounts of banks with the central bank, following their large increase in the second quarter due to the payment system reform. Deposit money banks used their surplus liquidity to intensify their credit activities. The third quarter also saw a continued growth in the stock of CNB bills subscribed. At the end of the third and the beginning of the fourth quarter, a seasonally common decrease in currency in circulation took place, thus

Figure 38

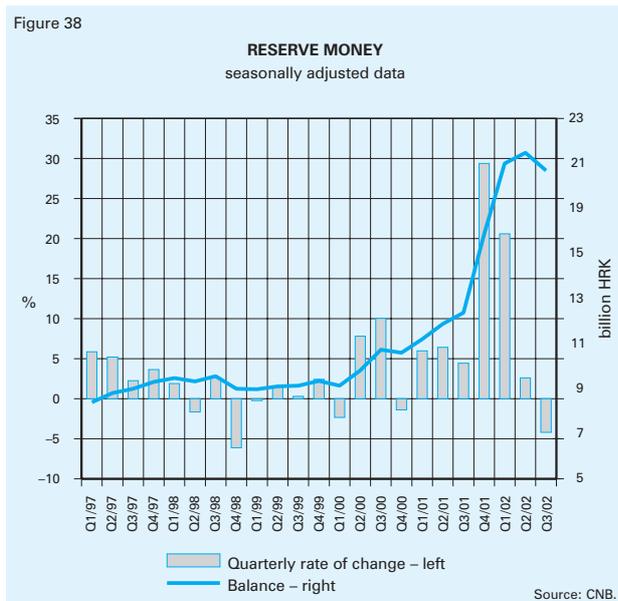
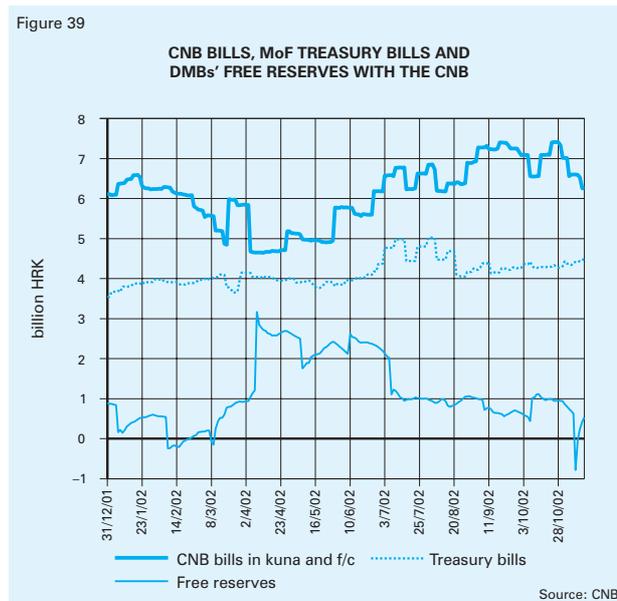


Figure 39



causing the reserve money to fall. Minor fluctuations during the year aside, settlement accounts saw a very modest increase in 2002. Deposit money banks' cash in vaults increased the most; it doubled as a result of changes in the system of supplying banks with cash. Currency and reserve requirements grew at an almost equal rate. By contrast, last year's growth in reserve money was mostly due to an increase in reserve requirements in the second half of the year because of the obligation to set aside a part of foreign exchange reserve requirements in kuna.

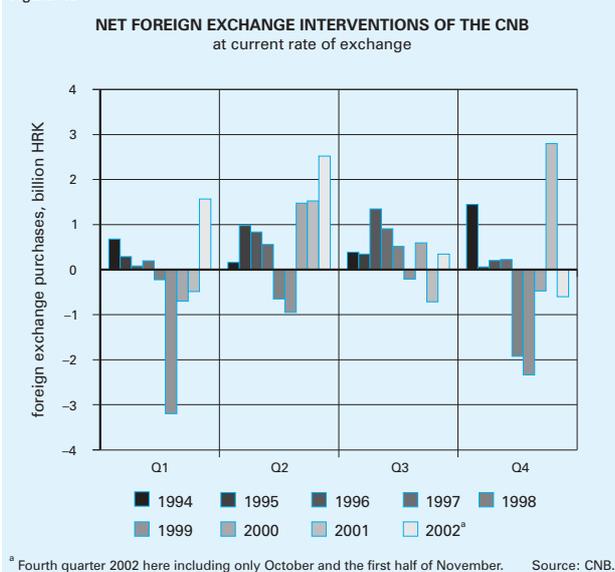
Fluctuations in reserve money this year were mostly caused by *settlement accounts*. With the payment system reform which took place in April, deposit money banks largely increased the funds in their settlement accounts to ensure smooth payment system transactions. Thus, the average level of funds in the settlement accounts increased from HRK 2.6bn in the first quarter to HRK 4.1bn in the second quarter, following the payment system's entry into banks. At the beginning of the third quarter, the level of funds in the settlement accounts decreased considerably with banks channeling their surplus liquidity into CNB bills and T-bills purchases. The total amount of funds in the settlement accounts thus fell by over one billion kuna (reaching HRK 2.9bn on average) in the third quarter and by additional HRK 0.6bn in October. Such developments affected the free reserves of banks which first rose from the average HRK 0.4bn in the first quarter to HRK 2.3bn in the second quarter as a result of the introduction of the payment system into banks, to fall again to HRK 1.0bn in the third quarter, and further to HRK 0.9bn in October. The liquidity of the banking system continued to be good. Slighter liquidity surpluses in the last days of the reserve requirements maintenance period show that deposit money banks better managed their liquidity. Thus, daily balances of free reserves at the end of the reserve requirements maintenance period declined significantly, reaching negative values at the beginning of November, for the first time since April.

Of all the categories of M0, deposit money banks' *cash in vaults* recorded the largest growth. In the first 10 months of

this year it rose by 81.3%. However, due to its relatively small share in the total, it did not largely affect developments in total reserve money. The increase in deposit money banks' cash in vaults was due to the transformation of ZAP which caused an increase in the price of supplying banks with cash. The increase took place towards the middle of March, with the average level of total deposit money banks' cash in vaults in the first two months amounting to HRK 502m. Following its March increase, cash in vaults continued to grow gradually, reaching HRK 931m and HRK 970m in the second and the third quarters, respectively. To respond to the falling demand at the end of the tourist season the banks had to adjust their cash in vaults, holding on average HRK 888m in October.

With foreign exchange interventions being at the moment the main form of *reserve money* formation, the stagnation of M0 in the third quarter can be explained by the absence of interventions. In the third quarter only one foreign exchange intervention was held, at which EUR 47.2m were purchased, creating a monetary effect of HRK 347.0m. The absence of foreign exchange interventions followed high intervention activities in the second quarter when the total of EUR 316.9m were purchased, creating a monetary effect of HRK 2,519.4m, of which more than a half can be attributed to interventions in June. As shown in Figure 40, the seasonal dynamics of the appreciation pressures on the foreign exchange market changed in the last few years and so did the foreign exchange interventions of the CNB. Since 2000, "summer" foreign exchange interventions have shifted to the second quarter, showing that the financial market has developed to an extent where it is possible to anticipate future exchange rate developments. Figure 40 shows only net foreign exchange interventions of the Croatian National Bank, which make up around 2/3 of the total CNB turnover on the foreign exchange market. The remaining one third relates to foreign exchange transactions with the government, particularly transactions relating to the conversion of privatization receipts and foreign borrowing and foreign debt repayment. Figure 40 shows that the CNB was highly active in foreign ex-

Figure 40



change purchases in the last quarter of last year and the first half of this year. No larger foreign exchange sales to deposit money banks took place since the banking crisis of 1998/1999, as evidenced by a continued growth in net usable international reserves since 1999.

At the beginning of the fourth quarter there was a mild depreciation of the exchange rate of the kuna. At the end of October, the CNB purchased EUR 60m arising from the CH's foreign borrowing, and at the same time held two foreign exchange auctions selling EUR 79.8m. In October USD 1.4m were sold to the government, thus the total amount sold at foreign exchange interventions was USD 20.7m, withdrawing HRK 159.0m. These interventions halted further depreciation of the exchange rate of the kuna.

In light of the good liquidity of the banking system, kuna instruments used to create liquidity were not much in demand. The Lombard facility was used only once in the third quarter, in mid July. In the first two months of the fourth quarter, this facility was used by two banks for two days (in November).

The recovery of the kuna and foreign exchange deposits in the third and at the beginning of the fourth quarter, and a further rapid growth in demand deposits have caused the *reserve requirements* base to increase. The total increase in the base for the kuna part of reserve requirements was HRK 2.5bn in the third and an additional HRK 1.1bn in the first two months of the fourth quarter. The increase in the base caused the total reserve requirements to increase by HRK 614m in the third and HRK 434m in the fourth quarter. This increase was HRK 1,030m and HRK 559m in the first and second quarter, respectively. The calculated kuna reserve requirements in November comprising demand deposits and savings and time kuna deposits were HRK 6.5bn. To this amount HRK 4.8bn, representing the part of foreign exchange reserve requirements met in kuna, should be added (25% of foreign exchange reserve requirements). The total calculated reserve requirements in kuna amounted to HRK 11.3bn in November, of which HRK 8.1bn was the amount set aside in an account

with the CNB.

Following their slower growth in the third quarter, compared with kuna reserve requirements, as a result of the slower growth in deposit money banks' foreign exchange deposits, reserve requirements on the foreign exchange sources of funds grew at an accelerated rate in the fourth quarter partly also because of a mild depreciation of the exchange rate. The foreign exchange reserve requirements base thus rose by HRK 3.5bn or by 3.8% in the third quarter, and by additional HRK 4.2bn (4.2%) in the first two months of the fourth quarter. The foreign exchange reserve requirements base amounted to HRK 100.7bn in November. The amount of foreign exchange reserve requirements to be met calculated in November was HRK 14.4bn, of which HRK 7.1bn were set aside in the account with the CNB.

The stagnation in reserve money in the third quarter was also due to the fact that deposit money banks tended to place their surplus liquidity into *CNB bills*, which grew markedly in the second and in the third quarters. Oscillations in the level of CNB bills purchased intensified in the first half of the fourth quarter, reflecting better liquidity management of the banking system. Such developments in kuna CNB bills can also be attributed to a decision reached by the government to transfer one part of its deposits (deposits of the central government, central government funds and public enterprises) from the CNB to Hrvatska poštanska banka. Hrvatska poštanska banka decided to place some of the funds thus received into CNB bills. CNB bills subscribed by Hrvatska poštanska banka excluded, it is evident that the CNB bills levels declined in September and October. The average interest rate held steady in the third quarter and in the first half of the fourth quarter. The amount of kuna CNB bills subscribed increased by HRK 567m in the first quarter, and HRK 506m and HRK 1,009m in the second and the third quarters respectively, compared with the previous quarters. The total amount of kuna CNB bills subscribed decreased mildly in October, compared with September, and its oscillations were also more pronounced during that month. At end-October the total amount of kuna CNB bills subscribed stood at HRK 5.5bn.

By contrast, developments in foreign exchange CNB bills were quite the opposite. At first, foreign exchange CNB bills subscriptions increased significantly reaching their maximum in September and October last year, after which they started falling. A somewhat sharper fall in foreign exchange CNB bills subscriptions took place in the first quarter of this year. The subscriptions during that period fell by HRK 888m. The total subscriptions declined by HRK 215m in the second quarter, and HRK 115m in the third quarter. The decline continued into the fourth quarter. At the end of October, the stock of foreign exchange CNB bills was HRK 1.5bn, or HRK 169m less than at the end of September.

Government deposits with the CNB declined significantly towards the end of the first quarter of this year because of the transfer of a part of government deposits to Hrvatska poštanska banka. During the second and the third quarters, government deposits held steady, following the usual intra-month seasonal dynamics. Government deposits averaged HRK 678m in the second quarter, and HRK 666m in the

Box 2: Trading in CNB bills and T-bills of the Ministry of Finance on the Secondary Market

Securities' transactions on the secondary market in Croatia include outright purchase and sale and repurchase transactions. Each outright purchase and sale transaction has as its result a permanent transfer of ownership of a security. A repurchase transaction is a sale of a security to a buyer with the seller's obligation to re(purchase) the same security from the buyer at an agreed price and at agreed maturity. A repurchase transaction also involves a transfer of ownership, but the purpose of this type of transaction is not to acquire ownership but to get a loan against a pledge of a security. This is why repurchase transactions have to be recognized in balance sheets of banks in Croatia as credits received and granted. The stock of balance sheet securities portfolio also comprises securities purchased for repurchase which the bank has a future obligation to sell.

Outright purchase and sale transactions of CNB bills and T-bills amounted to HRK 6.3bn in 2001 (T-bills HRK 4.6bn, CNB bills HRK 1.7bn), which is an increase of HRK 3.4bn or 115% compared with 2000. In the first nine months of 2002, total transactions were HRK 6.7bn, which is an increase of 28.6%, compared with the same period last year. Data on repurchase transactions have only been available since 2001. Repurchase transactions in 2001 totaled HRK 5.5bn (T-bills 4.2bn and CNB bills HRK 1.3bn), and HRK 6.6bn in the first nine months of 2002 (of which T-bills accounted for HRK 6.1bn).⁹

The structure of investors in CNB bills and T-bills trading was considerably stable from January 1999 to September 2002. Banks accounted for 63.4%, or a major share of total trading. The next large investors were money market funds (16.0%). These two types of insti-

tutions controlled 79.4% of total trading in CNB bills and T-bills. According to their share in total trading, the next in line were companies whose share in total trading was 7.7%.

When analyzing trading in CNB bills and T-bills, it is useful to deduct trading within groups from total trading, because it may be taking place under more favorable conditions and at lower than market prices. A majority of domestic banks have branches such as investment and pension funds, other banks or savings banks. Outright purchase and sale transactions within groups totaled HRK 3.4bn in 2001 (T-bills HRK 2.5bn, CNB bills HRK 0.9bn) or 54.4% of total outright purchase and sale transactions. However, in the first nine months of 2002, the share of trading within groups fell to 29.6% of total trading. In the repurchase market, trading within groups in 2001 accounted for 34.3%, and in the first nine months 2002, this type of trading accounted for 42.3% of total repurchase transactions. Such data suggest that trading within groups has a large share in the secondary market. However, statistical data on prices at which such transactions are conducted is not available.

Secondary market of T-bills and CNB bills cannot be described as a liquid market. Its total annual turnover does not exceed the average stock of subscribed CNB bills and T-bills. Developed and liquid markets feature annual turnovers exceeding several times the average stock of securities issued. The share of total annual turnover of outright purchases and sales of T-bills and CNB bills in 2001 in the average stock of T-bills and CNB bills subscribed in the same year was 86%. This share for the first nine months of 2002 amounts to 72%, so the expectations for the year are that it will equal the level reached in 2001.

Figure 41

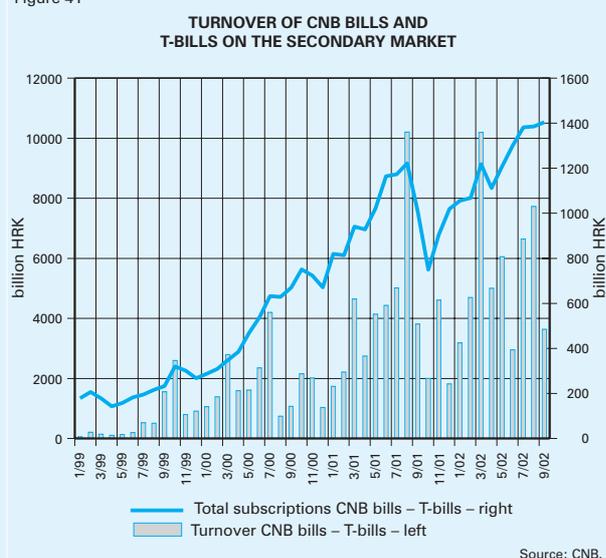
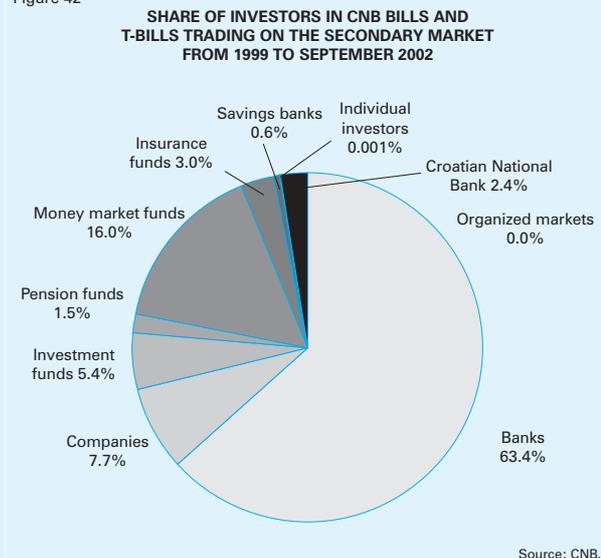


Figure 42

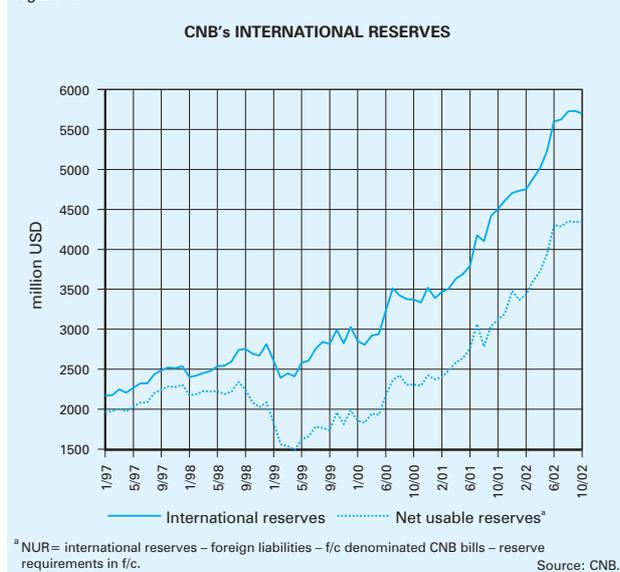


third quarter. As regards their intra-month developments, government deposits oscillated, reaching their maximum values at the end of the month when tax payments fall due. The maximum levels rose at the end of September and at the end of October, and this was also reflected in liquidity of deposit money banks. The average level of government deposits with the CNB also increased, rising from HRK 622m in September to HRK 839m in October.

Such developments led to a *slower growth in the international reserves of the Croatian National Bank* in the third quarter. During that quarter they grew by USD 103m. Due to net foreign exchange sales and redemption of foreign exchange CNB bills, total international reserves declined by USD 6m in October. Net usable international reserves grew at slower rate than total international reserves, because of lower foreign exchange purchases during the third quarter. Total international reserves increased by USD 38m during this period and by an additional USD 5m in October. At end October, total international reserves were USD 5.7bn and net usable international

⁹ Data shown are gross data, which means that the turnover includes the value of securities purchase and the value of its subsequent sale.

Figure 43



reserves were USD 4.3bn. In the first 10 months of this year total international reserves rose by USD 1bn, of which the increase in net usable reserves accounted for USD 868m.

Monetary Developments

Rapid growth in credit activities of banks which marked the third quarter, continued into the fourth quarter. Unlike the first half of the year, when placements growth was financed by a decline in net foreign assets, the growth of bank placements in the third quarter relied on domestic funding in line with the growth in foreign exchange deposits. Foreign exchange deposits continued to grow in October, with a slight fall in the share of corporate foreign exchange deposits which had been the main generator of growth in foreign exchange deposits in the second half of 2002. Economic growth in 2002 had a favorable impact on the growth of monetary and credit aggregates.

At end-October *money (M1)* reached HRK 29bn, which is an increase of 44.8% on an annual level. The increase in money (M1) and its components is usual during the summer, and in the third quarter of 2002 it amounted to 6.3%. At end-September money decreased in nominal terms. However, seasonal effects excluded, money is still trending upwards.

The slowdown in M1 in the third quarter was more pronounced with currency in circulation than with demand deposits, which were the main generator of M1 growth in 2002.

High growth rates of *currency in circulation* (seasonally adjusted value) in the first half of 2002, were followed by a considerable slowdown of this component of money during the summer months. Currency in circulation grew rapidly in the first four months of this year, largely as a result of post-euro effects, but also as a result of events in Riječka banka, payment system reform, and other factors. Currency in circulation declined by 6% nominally in September, compared with August and by 2.3% compared with June. However, despite this decline, the annual growth rate of currency remained high and

amounted to 29.5% at end-September. This component of money declined by a further 1.5% nominally in October, compared with September, with the annual growth rate of currency steadily holding high, amounting to 32.7% at end-October. Thus, rapid growth in currency in circulation took place before and not during the summer, when it commonly takes place as a result of tourist income. The third quarter this year only saw its minor increase, with further adjustment of currency in circulation taking place in October.

The growth of *demand deposits* also slowed down in the third quarter. The effects of the season excluded, the annual growth rate of demand deposits in the third quarter was 17.1%, compared with 62% and 44.3% in the first and the second quarter, respectively. But at end-October, demand deposits were HRK 19.2bn or 49% more than in the same month last year.

Analyzing the structure of demand deposits by sectors, it can be observed that the growth of this aggregate was mostly affected by corporate demand deposits, which constitute about 55% of demand deposits. At end-September, corporate demand deposits were HRK 10.8bn, which is an increase of 48.7% compared with September 2001 and at end-October they were HRK 11.3bn, which is an increase of 59.3% compared with the same month last year.

Demand deposits of "Local governments and funds" and "Other financial institutions" recorded the largest growth rates in 2002. High growth rates of demand deposits of local governments and funds can probably be attributed to fiscal decentralization. At the end of the third quarter, the annual growth rate of local government demand deposits was a high 104.6% (in October it was 90.2%). The share of local governments' demand deposits in total demand deposits stood at 8.9% at the end of October. The pension reform in 2002 and a noticeable strengthening of the financial sector provided a boost to the growth of demand deposits of other financial institutions. Demand deposits of other financial institutions, which comprise insurance companies, privatization funds, stock exchanges, clearing houses and obligatory second pillar

Figure 44

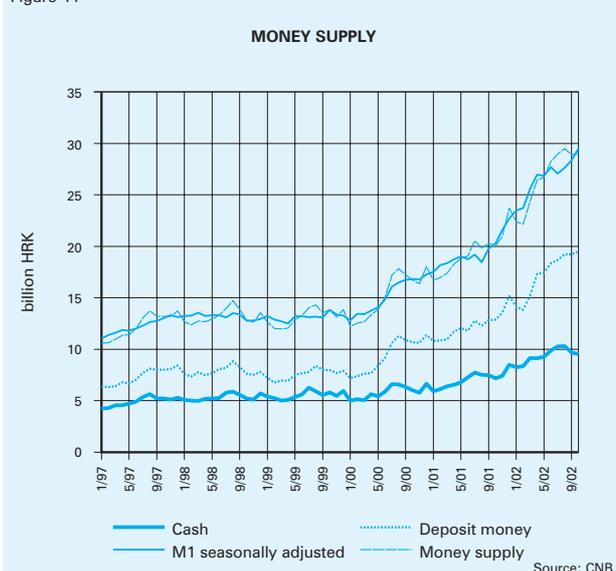
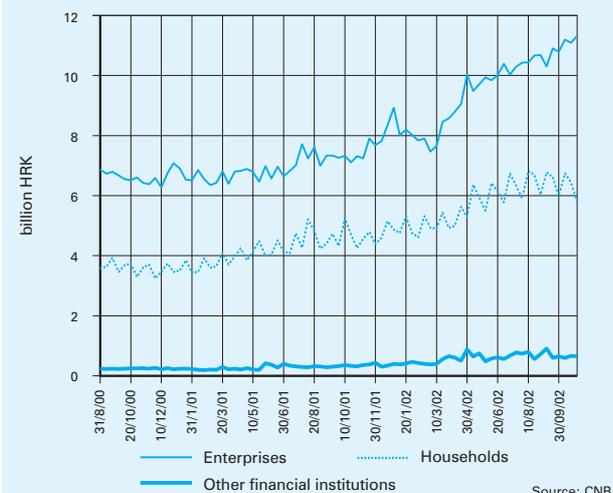


Figure 45

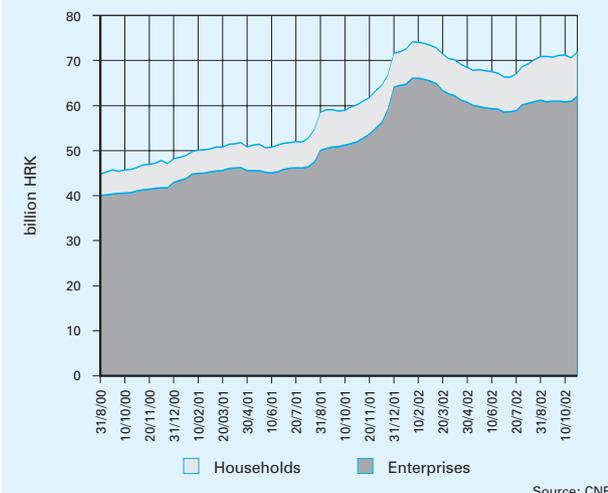
DEMAND DEPOSITS OF ENTERPRISES, HOUSEHOLDS AND OTHER FINANCIAL INSTITUTIONS



Source: CNB.

Figure 46

FOREIGN CURRENCY DEPOSITS OF HOUSEHOLDS AND ENTERPRISES



Source: CNB.

pension funds accounted for 3.3% of total demand deposits at end-September. Although the share of other financial institutions in total deposits is small, their developments in the first ten months of 2002 were indicative. At the end of the third quarter, the annual growth rate of demand deposits of other financial institutions was 102% (compared with 93.7% in October).

Following its decline in the first and the second quarter *quasi-money* (savings and time kuna and foreign exchange deposits) started recovering in the third quarter, and recorded further growth in October. Until end-September, *quasi-money* outdid its level from the beginning of the year, increasing by 21% until end-October, compared with the same month last year. Foreign exchange deposits, which account for 85.3% of *quasi-money*, affected *quasi-money* the most.

The annual growth rate of *foreign exchange deposits* in real terms (the exchange rate effects excluded) in September was 28.1%. At the end of the third quarter of 2002, foreign exchange deposits increased by 3% in real terms, compared with the beginning of the year. The growth of foreign exchange deposits in 2002 can primarily be attributed to corporate foreign exchange deposits which rose by 40.4% until end-September, compared with the end of last year, while household foreign exchange deposits fell by 1.6% in the same period. The increase in corporate foreign exchange deposits can partly be seen as a reflection of changes in the Law on the Foreign Exchange System, Foreign Exchange Operations and Gold Transactions which has made it possible for companies, since May last year, to purchase and keep foreign exchange in their own accounts. Such regulatory framework largely contributed to the increase in corporate foreign exchange deposits.

In addition to changes in the regulatory framework, the developments in corporate foreign exchange deposits were also due to investment activity which increases the demand of companies for imported goods and capital goods. In the first nine months, corporate foreign exchange deposits rose by

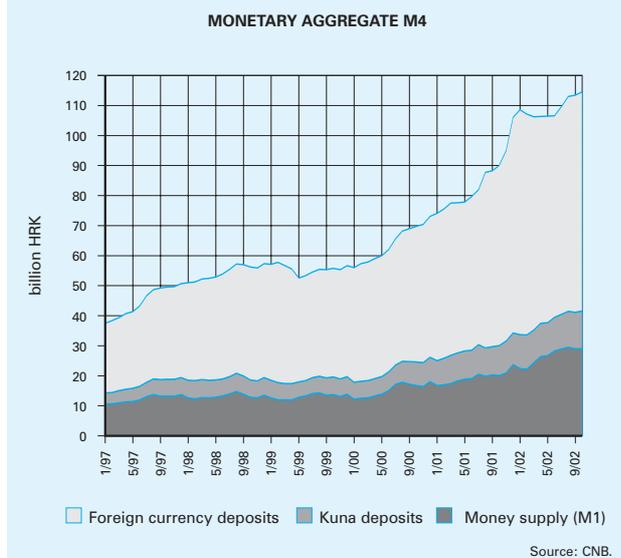
HRK 3.1bn. The largest share of this growth was achieved in the third quarter. During this period corporate foreign exchange deposits increased by HRK 2.6bn compared with the end of the second quarter. Unlike the previous quarter, the fourth quarter saw a slight decline in corporate foreign exchange deposits (they fell by 0.25% compared with end-September). Such developments are interrelated with developments in goods imports. In addition, companies tend to make use of the seasonally more favorable exchange rate during the summer for their foreign exchange purchases.

Unlike corporate foreign exchange deposits, household foreign exchange deposits declined by 1.6% from January to September, as a result of the post-euro effect (the transfer of deposits from the banks into banks abroad or simply for the purpose of socking away the money) and the crisis in Riječka banka. This is the first case of a fall in household foreign exchange deposits in the period from January to September in the last ten years, with the exception of year 1998. In addition, at the end of 2001, when the EMU member countries' currencies were being exchanged for the euro, household foreign exchange deposits recorded unparalleled growth. An estimated USD 1bn worth of foreign exchange, previously held outside the domestic banking system, were deposited into the banks in the fourth quarter of 2001.

Developments in *kuna nonmonetary deposits* in the first nine months were similar to those in foreign exchange deposits, but their recovery took place in April already. At the end of the third quarter, kuna deposits stood at HRK 12.3bn, recording an annual growth of 30.4%. In the first nine months, kuna deposits rose by 16.4%. At end-October, kuna household deposits were HRK 5.5bn, increasing by 29% in the first ten months, while corporate kuna deposits stood at HRK 4.5bn, exhibiting a growth of 16.6% in the first ten months of 2002.

In general, the third quarter saw a further recovery in *total liquid assets (M4)*, which had started in the second quarter. M4 held steady in the first quarter of the year, following its rapid growth in the fourth quarter of 2001. The increase in total liquid assets (M4) in the first part of the year can primarily

Figure 47



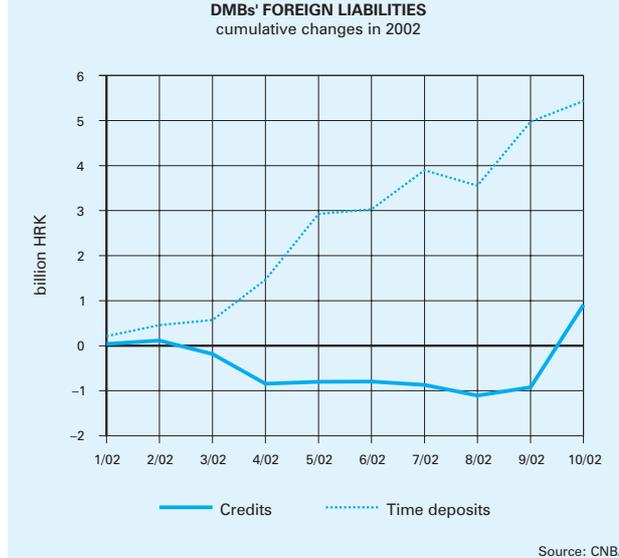
be attributed to the increase in money, while the impetus to their increase in the third quarter, was mainly provided by quasi-money, i.e. foreign exchange deposits. At end-September, M4 amounted to HRK 113.8bn, and its real annual growth rate amounted to 30.6%. October data suggest further growth in M4 (at end-October, M4 stood at HRK 115.0bn), which, because of the base period effect, reached a real annual growth rate of 26.8%.

Deposit money banks financed their increased credit activities in the first half of 2002 by decreasing their net foreign assets (NFA). The decline in net foreign assets in the first half of the year was based on a decline in foreign assets, following their rapid growth at the end of 2001 as a result of large inflows of household foreign exchange deposits. At the end of the third quarter, foreign assets of deposit money banks declined by HRK 8.1bn or by 25%, compared with the end of last year. Their foreign assets rose by 10.8% in the third quarter. However, foreign liabilities of deposit money banks also rose by HRK 3.9bn, or by 17.9%, in the first nine months of this year.

The predominant element of foreign liabilities of deposit money banks are credits of foreign banks and foreign persons (nonbanks) (61.5%), and foreign banks' and foreign persons' (nonbanks) time deposits (33.7%). Time deposits of foreign banks and foreign persons (nonbanks) increased significantly (HRK 5.4bn) in the first ten months of 2002. The largest share of these deposits can be attributed to deposits of parent banks with their daughter banks. The credits of foreign banks and foreign persons (nonbanks) increased by HRK 0.9bn during the same period.

Intense credit activities of banks in the first and the second quarter of 2002 continued into the third quarter. The real annual growth rate of bank placements to the nonbanking sector at the end of September 2001 was 23.5% and has been growing steadily since. At end-September 2002, their real annual growth rate was 30.7%. Such developments in real annual growth rates were also present during October, when the real annual growth rate was 29.4%. At end-October, bank place-

Figure 48



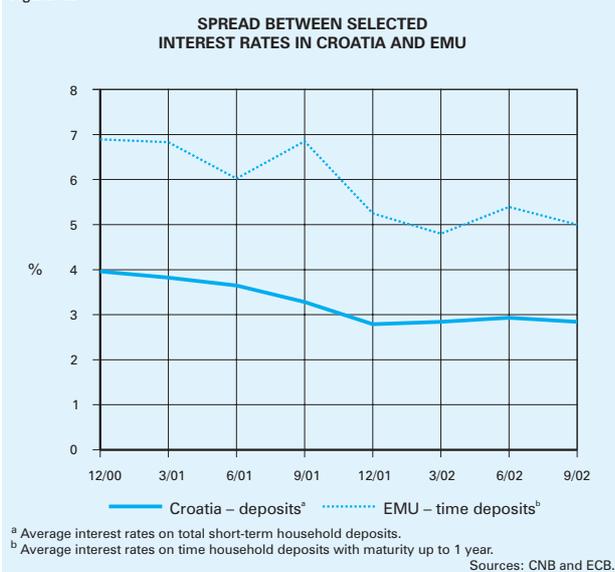
ments to the nonbanking sector were HRK 94.3bn.

By sectors, credits to private companies until the end of the third quarter were HRK 41.8bn, thus constituting 48.4% of the total credits to the nonbanking sector. Credits to households until the end of the same quarter amounted to HRK 40.9bn, thus accounting for 46.7% of the total credits to the nonbanking sector. And finally, credits to public enterprises granted in the same period amounted to HRK 4.3bn, or 4.9% of the total credits to the nonbanking sector.

Credit growth in the household and the corporate sector (public enterprises and private companies) has held high in the last 12 months, without any significant changes. At the end of the third quarter, credits to households increased by 9.4% compared with the end of the second quarter, while credits to companies increased by 5.8%. On an annual level, there is a trend of a faster growth in household than in corporate credits. At the end of the third quarter, total credits granted to households rose by 35.5% compared with end-September last year. Corporate credits increased by 20.3% in the same period.

Interest rates in Croatia are higher than in the EMU member countries. The average difference between interest rates on deposits in the EMU member countries and in Croatia in the last 12 months has been 2.5 percentage points, which is a mild decrease compared with last year when this difference amounted to 2.85 percentage points. The decrease in the difference between interest rates on deposits in the EMU member countries and Croatia, is also accompanied by a decrease in interest rates on credits. Such a difference in interest rates provides for foreign banks an opportunity to make additional profit, while bearing in mind the level of risk they are exposed to on the Croatian financial market. An article published in the *Financial Times*, dated 29 October 2002, argued that Austrian banks analyzed in the said article, focused on Central and Eastern Europe financing. The article further claimed that the said market, much larger than the Austrian market, offers these banks the possibility to make additional profit. The most active Austrian banks on this market, including Bank Austria,

Figure 49



attributable to the issue of the second tranche of government bonds amounting to EUR 150.0m (these bonds were primarily meant for sale to obligatory pension funds participating in the second pillar of pension insurance scheme) which led to an increase in government deposits of HRK 1.3bn. At the same time, government debt arising from bonds and credits increased by HRK 0.6bn. October data point to an increase in banks' net claims on the government of HRK 1.2bn, largely as a result of a decline in government deposits with deposit money banks (HRK 0.6bn) and an increase in bank credits of HRK 0.4bn. At end-October, banks' net claims on the central government were HRK 12.6bn, which is a decrease of 1.6% compared with the beginning of the year.

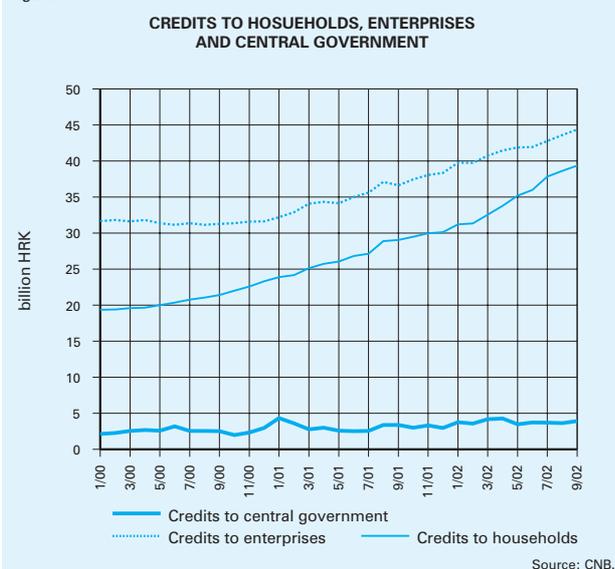
Money Market

Money Market Interest Rates

The money market observation is based on the developments in average daily volume of trade in a month and the developments in weighted interest rates in demand deposit trading with the ZMM as intermediary. Compared with the bank liquidity trend in the second half of 2001, the year which was marked by some extraordinary events, in the first ten months of 2002 the developments on the money market were regular. Thus, the growth in money market turnover was accompanied by a fall in primary bank liquidity (the banks' settlement account and vault balances), while a decrease in interest rates followed one or two months after the turnover declined.

In line with such trends in demand deposit trading on the Zagreb Money Market, the average daily turnover in the third quarter first grew substantially in July and August, owing to a decline in primary bank liquidity, and then dropped sharply in September. It remained at the same level in October, despite the continuing fall in primary bank liquidity over September and October. In overnight credit trading the average

Figure 50



or HVB, Erste & Steiermärkischebank and RZB Group are also highly and actively present on the Croatian banking market. Quoting its sources, *the Banker* and *RZB Research*, the article also states that the share of bank credits in Croatia's GDP is 38%. This places Croatia immediately next to the Czech Republic and Slovenia, whose share of credits in GDP is 50% and Estonia, whose bank credits account for 41% of the country's GDP.

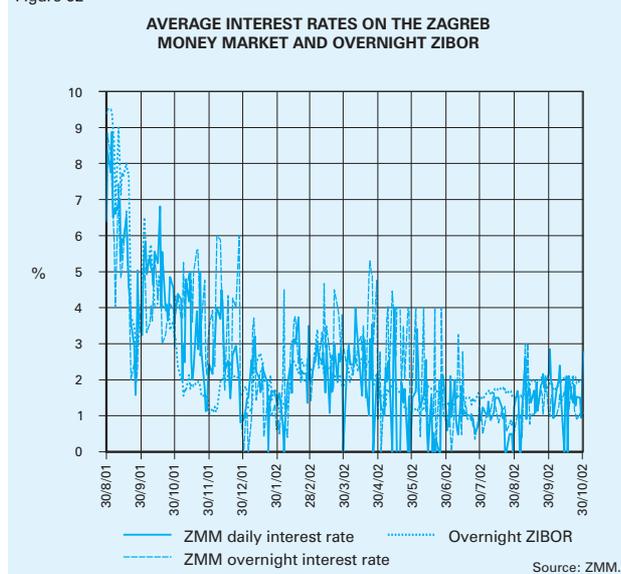
It is certain that there is still room for additional placements in Croatia. Business policies of Austrian banks are aimed at better positioning and winning a better market share. In such circumstances, further financing of this type will cause credit expansion which started in 2000 to continue.

In the first nine months of 2002, banks' net claims on the central government held steady. At the end of September, banks' net claims on the central government fell by a slight HRK 0.63bn compared with end-August. This fall is directly

Figure 51



Figure 52



daily turnover stood at HRK 58.3m (HRK 34.1m more than in the second quarter). In other credit trading the average daily turnover was HRK 34.7m (HRK 16.4m more than in the second quarter).

Under such circumstances, a marked downward trend in average daily interest rates on the Zagreb Money Market continued for three consecutive months (May-July), following a four-month decline in average daily turnover on the ZMM from February to May. This was followed by a continuous monthly growth in average interest rates on the ZMM over the third quarter and in October. The average daily interest rate on overnight loans was 1.20% in the third quarter (1.55 percentage points lower than in the second quarter). This interest rate on other loans was somewhat higher, i.e. 1.24% (0.88 percentage points below that in the second quarter).

The described developments on the Zagreb Money Market in the third quarter of 2002 indicate that the turnover growth and low interest rates were expected, given the developments in the primary bank liquidity. However, the third quarter was very special, as in August the highest average daily turnover (HRK 122m) was accompanied by the lowest daily interest rate in the first ten months of 2002 (1.00%). Given the marked downward trend in primary bank liquidity that started in September (a decline in primary liquidity continued for six consecutive months including October, being the result of an upturn in bank lending), it is unlikely that such developments on the money market will be repeated in the current year.

With regard to the Zagreb Money Market, it should be noted that the increase in the volume of trading over the third quarter, compared with the second quarter, was the result of a several times higher reported demand that reached a daily average of HRK 89.8m in August (HRK 75.5m more than, for example, in April). In the same period reported supply dropped significantly from HRK 274m in May to HRK 99.5m in August, enough to reach the earlier mentioned record 2002 turnover in August. Unfortunately, it is impossible to compare the August data on the supply-demand ratio on the

ZMM with the data for September and October. This is owing to the fact that the September data on supply and demand relate to all types of loans, while the supply of and demand for overnight loans have not been included in the data till August. Therefore, the data on supply and demand on the ZMM after August 2002 are not comparable with those before August.

In the other segment of the domestic money market – direct interbank trading – intense activity continued over September and October. The share of direct trading in total overnight loans has trended upwards for a long time, to reach 78% in September – the highest rate since the data on direct interbank trading in overnight loans have been recorded. The average interest rate stood at 1.82%.

Interest Rates in the Short-Term Securities Market

At the end of the third quarter total subscriptions for kuna CNB bills were much higher compared with the end of the second quarter (HRK 5.7bn at end-September), while total subscriptions for the Ministry of Finance T-bills were slightly lower (HRK 4.9bn at end-September). With regard to foreign currency short-term securities, a moderate growth in EUR-denominated CNB bills (EUR 174.5m) and a significant fall in USD-denominated CNB bills (USD 58.3m) were observed at end-September.

Interest rates at auctions of HRK-denominated securities followed the same trend in the third quarter: interest rates on kuna CNB bills grew, while interest rates on all types of T-bills fell. However, interest rates on foreign currency-denominated CNB bills followed the corresponding LIBID rates, which resulted in decreased rates on all types of bills denominated in any of the three currencies, compared with the second quarter. This probably contributed to the above-mentioned fall in demand for such bills.

The weighted average of monthly interest rates at the auctions of kuna CNB bills maturing in 35 days grew from month to month. However, it remained below the level from the second quarter, reaching 2.0% in September (2.24% in June).

Figure 53

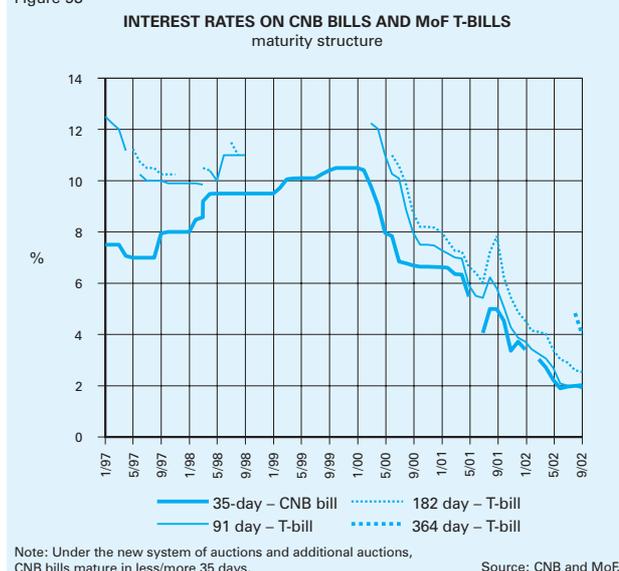
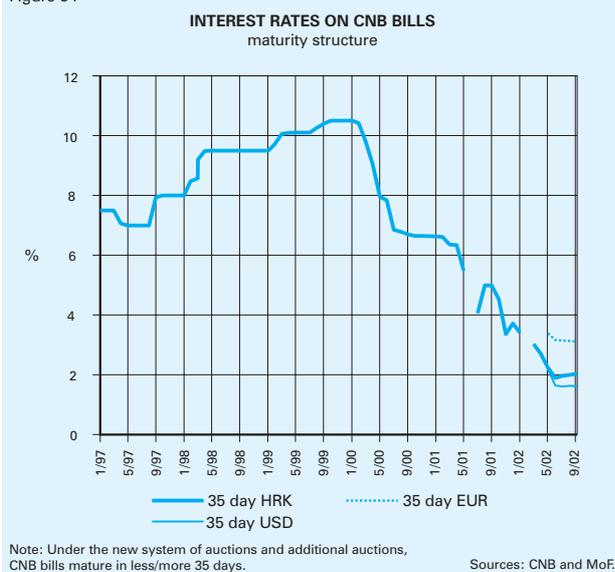


Figure 54



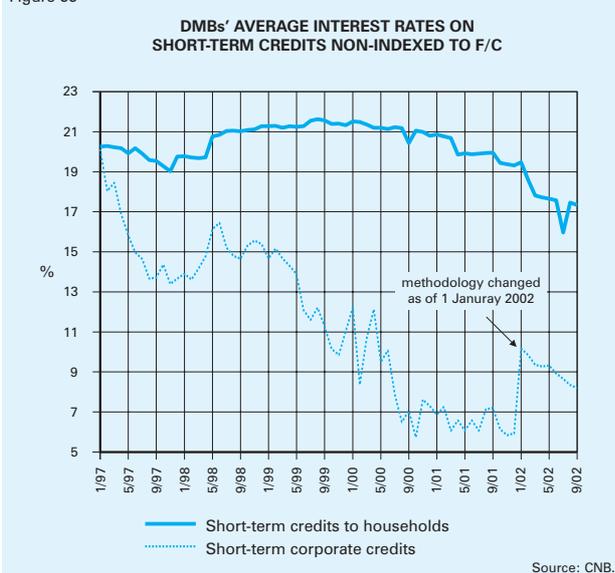
The weighted average of monthly interest rates at the auctions of T-bills maturing in 91 days continued to fall from 2.70% in June to 1.99% in September, while T-bills maturing in 182 days fell from 3.40% in June to 2.60% in September. The October data point to a continued upward trend in interest rates on CNB bills and a downward trend in interest rates on the Ministry of Finance T-bills.

Concerning foreign currency CNB bills, weighted averages of monthly interest rates on EUR-denominated bills followed a continuing downward trend, falling from 3.39% on bills maturing in 35 days and 3.24% on bills maturing in 63 days in June to 3.13% and 3.12% respectively in September. For USD-denominated bills the average was 1.63% in September for both maturities, indicating a considerable decline from 2.18% in June on bills maturing in 35 days, but a less serious decline from 1.68% in June on bills maturing in 63 days. The October data reflect a continuing downward trend in interest rates on foreign currency bills at the beginning of the fourth quarter.

At the auction of the Ministry of Finance held on 17 September 2002, T-bills maturing in 364 days were first introduced as the short-term HRK-denominated securities with the longest maturity on the Croatian market. In September and October an unusually strong demand for such bills was recorded on the primary market, exceeding at some auctions the amount of HRK 1bn. Under such circumstances interest rates on these bills fell from the initial 4.9% to 3.5% at the last auction in October.

A strong demand for treasury bills maturing in 364 days at a much lower interest rate reflects the investors' confidence in the domestic currency. However, a concurrent fall in demand for treasury bills maturing in 91 or 182 days, despite the abolition of bills maturing in 42 days, indicates that banks need short-term securities with longer maturities, which has finally been achieved by issuing bills with 364 days maturity. After the last auction in October 2002, total subscriptions for treasury bills stood at HRK 5.1bn.

Figure 55



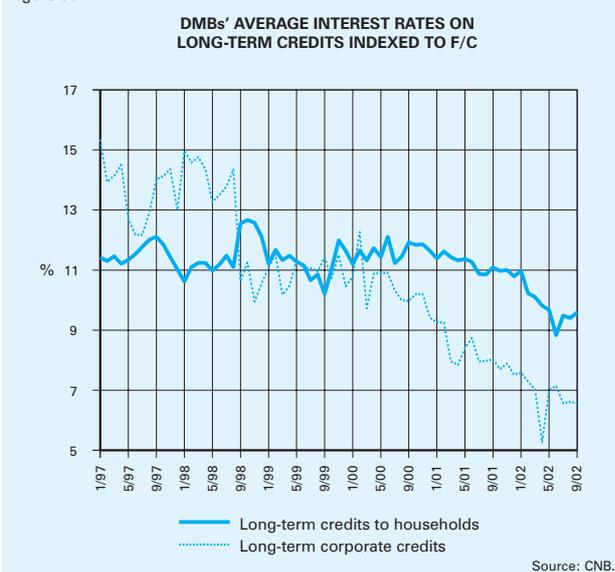
Deposit Money Banks' Interest Rates

The DMBs' average interest rates continued to fall over the third quarter, but at a much slower rate compared with the last 12 months. A drop in credit rates was equally present in corporate and household lending. The average interest rate on short-term corporate credits without a currency clause has continually declined since the beginning of 2002, falling from 9.68% in January to 7.69% in September.

Since mid-2000 the average interest rate on long-term corporate credits with a currency clause has also fallen, with occasional fluctuations, standing at about 6.59% in the third quarter of the current year.

In the third quarter of 2002, placements to households continued to grow at a very rapid pace, partly owing to an accelerated fall in average interest rates on household credits, which marked the first half of 2002 as the consequence of a stronger competition among commercial banks. In the third quarter this downward trend weakened noticeably, and the average interest rate on long-term household credits with a

Figure 56



Box 3: Ratio of Effective Interest Rate to Nominal Interest Rate on Bank Credits

Pursuant to the Croatian National Bank's Decision on a Uniform Method of Expressing the Effective Lending and Deposit Interest Rates (official gazette *Narodne novine*, Nos. 56/2001, 87/2001 and 111/2001), effective from 1 January 2002, banks are obliged, by using a precisely defined and clear method, to convert all credit costs into the effective interest rate (EIR), i.e. to express all credit costs as uniform price in the form of an annual percentage.

In accordance with the CNB governor's Decision on the Submission of the Report "Lending and Deposit Interest Rates", dated 26 November 2001 (official gazette *Narodne novine*, No. 104/2001), as from January 2002 banks submitted their reports to the CNB together with the data on the weighted average EIR on credits. The obligation to report on EIR relates to all types of credits for which only the newly approved amounts and the weighted average nominal interest rates (NIR) were to be reported by banks till then. Excepted are the credits that are not subject to the effective interest rate calculation, pursuant to the CNB decision.

The CNB has received a total of nine reports on lending and de-

posit rates for the first nine months of this year, which allows a preliminary comparison of the effective and nominal lending and deposit interest rates of banks in the Republic of Croatia. Figures 57 to 60 show the differences between weighted average effective interest rates and weighted average nominal interest rates of banks (hereinafter: the difference between EIR and NIR) on selected types of credits.

On the largest scale (Figure 57) the difference between EIR and NIR in the first nine months of 2002 was about one percentage point, both for kuna and foreign currency credits. The differences observed in the period suggested no discernible upward or downward trend, with the difference being much more stable in the case of kuna credits than foreign currency credits.

Among kuna credits, a greater difference between EIR and NIR has been observed in the case of credits indexed to foreign currency than those not indexed to foreign currency. This results from the fact that credits indexed to foreign currency are mostly long-term credits burdened with various kinds of costs that increase the EIR, while almost all credits not indexed to foreign currency are short-term credits. In the first nine months of 2002 the difference between EIR and NIR on short-term kuna credits not indexed to foreign currency was between 0.3 and 0.5 percentage points (except in March), and on

Figure 57

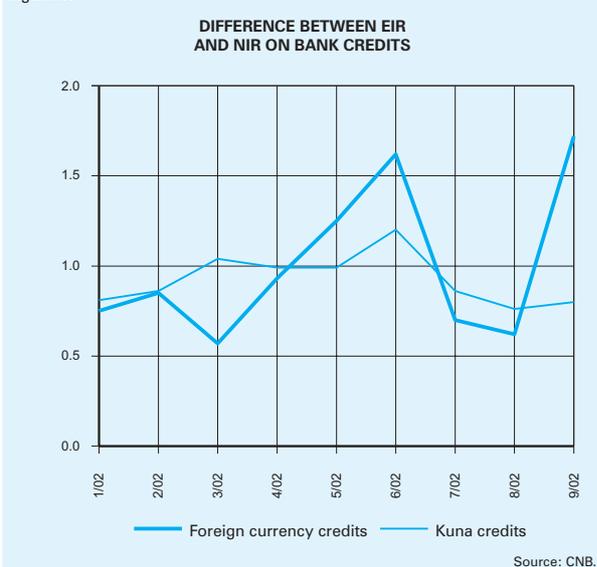


Figure 59

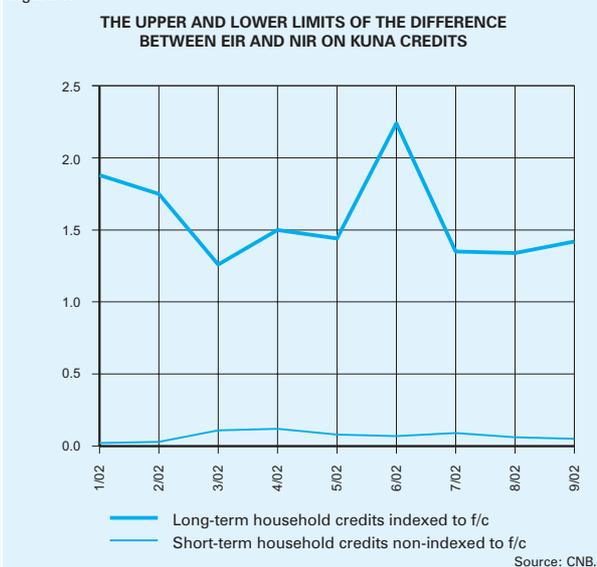


Figure 58

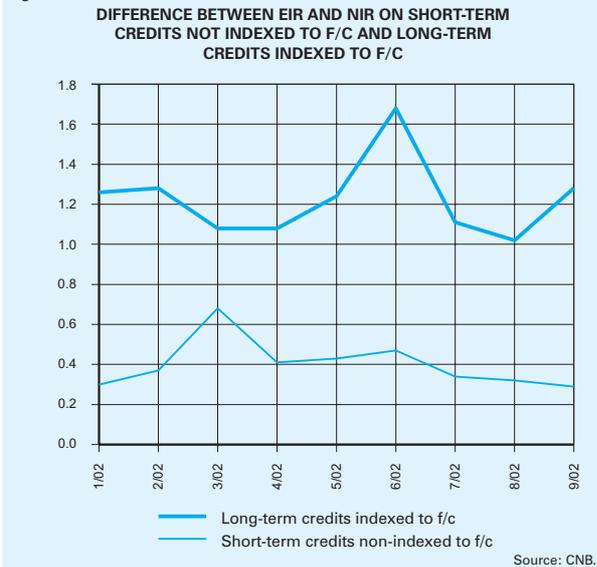
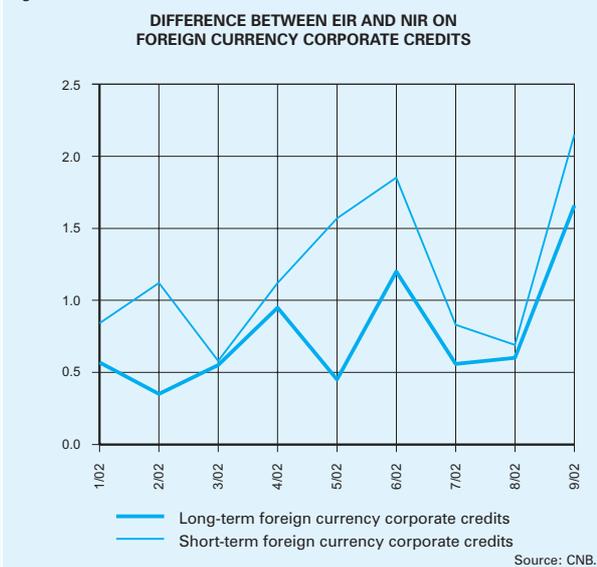


Figure 60



long-term credits indexed to foreign currency between 1.0 and 1.3 percentage points. In the observed period no upward or downward trend in the difference between EIR and NIR was observed with any of the two types of credits (Figure 58).

With respect to long-term credits indexed to foreign currency, the difference between EIR and NIR is greater for household credits than for corporate credits, while short-term credits not indexed to foreign currency show the reverse situation. As expected, the greatest difference between the EIR and NIR has been observed in long-term household credits (about 1.5 percentage points). Surprisingly, the lowest difference was also recorded in household credits, i.e. short-term household credits (about 0.7 percentage points). (Figure 59).

With respect to foreign currency credits, they were almost entirely used for corporate crediting. However, unlike in the case of kuna credits, the difference between EIR and NIR was larger in

short-term than long-term credits. Contrary to the above analyzed interest rate developments, also the difference between EIR and NIR on foreign currency corporate credits was highly volatile, reflecting a strong upward trend (Figure 60). During the observed period, the difference between EIR and NIR on corporate credits grew from roughly 0.5 to about 2.0 percentage points in the case of short-term credits and from roughly 0.5 to some 1.5 percentage points in the case of long-term credits.

In conclusion, it can be said that the difference between EIR and NIR in 2002 (Table 1) has varied between 0.4 and 1.6 percentage points, depending on the type of credit (with the exception of household credits indexed to foreign currency presented in Figure 59). In addition, this difference does not reflect any trend (excepted are foreign currency corporate credits presented in Figure 60), but its variability is rather high (with the exception of rare short-term household credits indexed to foreign currency, presented in Figure 59).

Table 1: Difference between EIR and NIR on Selected Bank Credits

	Jan. 2002	Jan. – Sep. 2002 average	Sep. 2002
Kuna credits	0.81	0.92	0.8
Kuna credits not indexed to foreign currency	0.37	0.50	0.3
Short-term credits not indexed to foreign currency	0.3	0.40	0.29
Short-term household credits not indexed to for. currency	0.02	0.07	0.05
Kuna credits indexed to foreign currency	1.45	1.36	1.42
Short-term corporate credits indexed to foreign currency	1.39	1.55	1.76
Short-term household credits indexed to foreign currency	4.84	3.31	2.62
Long-term credits indexed to foreign currency	1.26	1.23	1.28
Long-term corporate credits indexed to foreign currency	0.45	0.74	1.1
Long-term household credits indexed to for. currency	1.88	1.58	1.42
Foreign currency credits	0.75	1.00	1.72
Short-term foreign currency corporate credits	0.84	1.19	2.15
Long-term foreign currency corporate credits	0.57	0.77	1.66

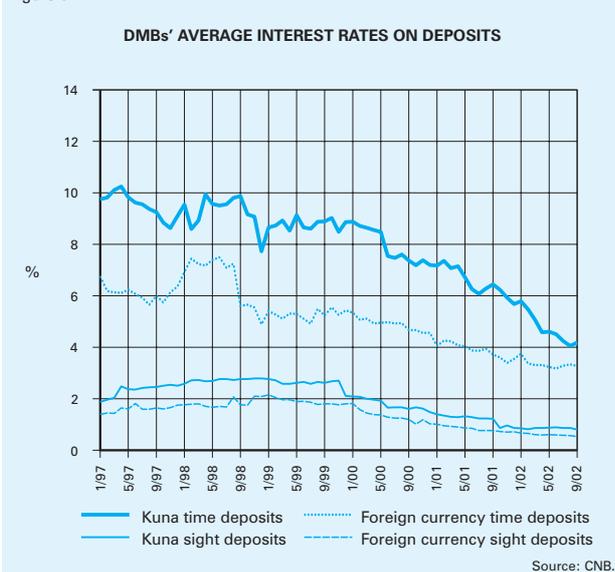
Source: CNB.

currency clause was 9.59%. Interest rate on housing credits to households continued to fall over the third quarter and was 7.4% in September. Since the beginning of the year the sharpest decline was recorded in interest rates on short-term household credits without a currency clause, of which the current account overdraft facility constitutes the largest share.

From 18.98% in January the interest rate on current account overdraft decreased by almost 2 percentage points in the first 6 months of the year, falling to 16.83% in September.

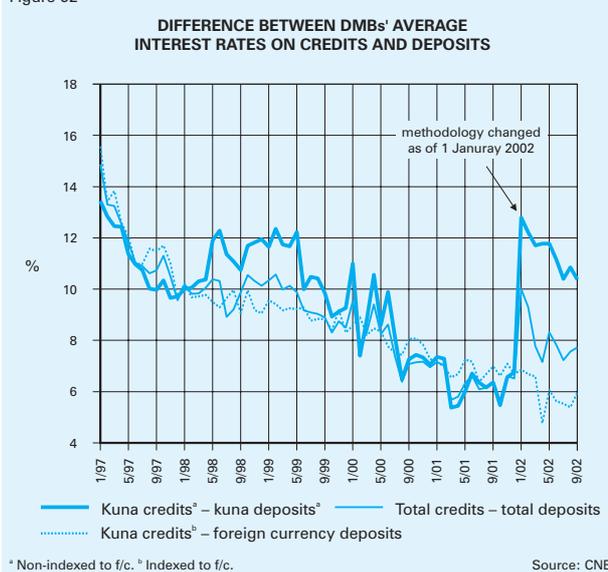
In the third quarter the falling trend in deposit interest rates that started in early 2001 was only observed in kuna time deposits. Since the beginning of 2002, the sharpest fall was regis-

Figure 61



Source: CNB.

Figure 62

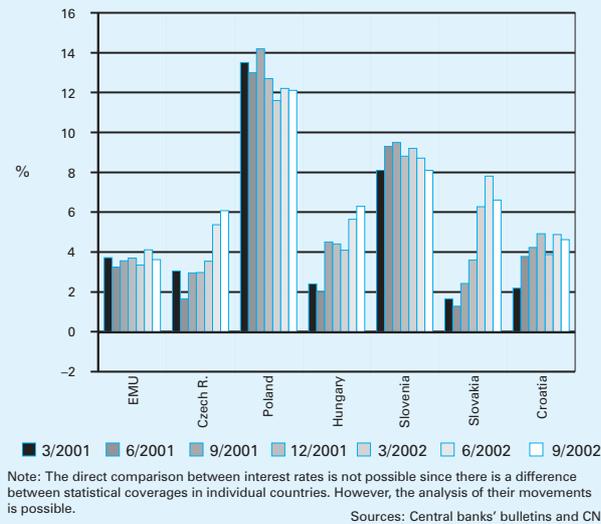


* Non-indexed to f/c. ^o Indexed to f/c.

Source: CNB.

Figure 63

REAL INTEREST RATES ON LONG-TERM CORPORATE CREDITS IN SELECTED COUNTRIES



tered in average interest rate on households' kuna time deposits. Such trend continued in July and August, while in September the interest rate went up to 4.18% (from 4.05% in August).

The average interest rate on foreign exchange time deposits was around 3.30% in the third quarter. For the first time the spread between interest rates on kuna and foreign exchange time deposits with maturities up to 3 months fell below 1% in the third quarter, suggesting that the confidence in the domestic currency continues to grow. During 2002, the average interest rates on sight deposits remained stable at about 0.9% (on kuna deposits) and 0.6% (on foreign exchange deposits). In the last quarter these rates were moderately reduced and stood at 0.80% and 0.54% respectively in September.

Despite the growth in the spread between the average interest rates on total credits and total deposits over the third quarter, in September it was still 11 percentage points lower than at the end of the second quarter.

At the end of the third quarter the spread between average interest rates on kuna credits with a currency clause and foreign exchange deposits stood at 5.98 percentage points, which represents an increase compared with the end of the first quarter

International comparison of interest rates is based on the movements in selected real interest rates in the European Monetary Union and selected transition countries. The developments in real interest rates on households' time deposits in the Republic of Croatia over the last twelve months bear closest resemblance to those in the EMU and Hungary, where these rates underwent no significant changes. In the same period real interest rates on households' time deposits grew in the Czech Republic, Hungary and Slovakia, but fell in Poland and Slovenia. Real DMBs' interest rates on long-term corporate credits in the Republic of Croatia did not change significantly over the last twelve months, which is only the case in the EMU. At the same time, real interest rates on credits grew in the Czech Republic, Hungary and Slovakia, but fell in Poland and Slovenia.

Capital Market

Equities Market

The volume of share trading on the Zagreb Stock Exchange (ZSE) has been small since the third quarter of 2002. The total volume of share trading in the first ten months of 2002 was HRK 980m, of which over one half can be attributed to trading in the first quarter. The share of this type of trading in the total volume of trade on the ZSE kept falling steadily, amounting to 24% in the first ten months, compared with 40% in the first half of the year.

Market capitalization of shares in October stood at HRK 27.1bn, or 17.8% of GDP in 2001. Market capitalization of shares in June was HRK 32.4bn or 19.7% of the last year's GDP. Similarly as in the previous two months, the CROBEX

Figure 64

REAL INTEREST RATES ON HOUSEHOLD TIME DEPOSITS IN SELECTED COUNTRIES

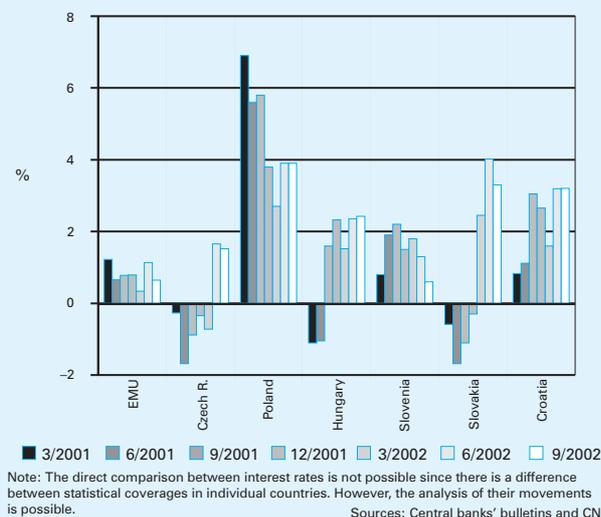


Figure 65

CROBEX AND VIN



Sources: ZSE and VSE.

index ranged around the level of 1100 points in September and October, standing at 1096.2 points at end-October.

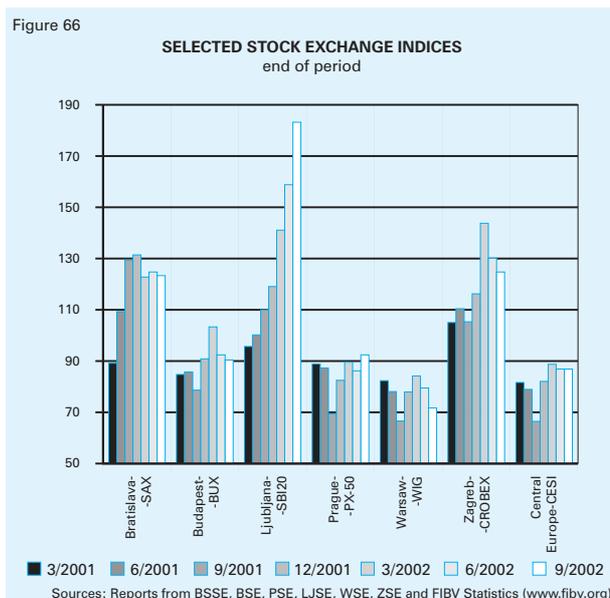
The total volume of share trading on the Varaždin Stock Exchange (VSE) in the first ten months of 2002 was HRK 1.02bn, thus exceeding the last year's volume of share trading. Shares on the VSE are traded in three of the total of four market segments. The largest portion of share trading took place in the Free market segment (72%), while only one share traded in Quotation II. As four privatization investment funds had completed their transformation into closed-end investment funds in June, their shares now trade in the Free Market Quotation. As a result, the share of the PIF Quotation has declined significantly, continuing to trend downwards towards its final elimination from the VSE. The VIN index fell slightly in September and October, continuing its downward trend which started in April. At end-October, it stood at 633.3 points.

While large global markets saw a recovery in their stock exchange indices in October, following their month-long decline, indices of transition countries stock exchanges showed different trends. While SBI-20, the Ljubljana Stock Exchange index, continued to grow rapidly, the Warsaw WIG index and the Budapest BUX index as well as the Zagreb CROBEX, recorded a fall for a third consecutive quarter. The Bratislava and the Prague stock exchange indices, SAX and PX-50, remained at approximately the same levels as in the previous two quarters, and so did the CESI index, a combined index of Central Europe stock exchanges.

Bond trading dominated both the Zagreb Stock Exchange and stock exchanges in Bratislava and Prague. This type of trading accounted for over 90% of the total volume of trade. By contrast, the volume of bond trading on the Warsaw, Budapest and Ljubljana stock exchanges was many times smaller than that of share trading. Share trading on the Ljubljana Stock Exchange has been on the increase since the beginning of the year, and so has its market capitalization whose share in GDP has reached 27.4%, and ranks the highest among the observed transition countries.

Debt Securities Market

On 30 September, the Zagreb Stock Exchange started calculating the value of the new CROBIS index. CROBIS is a



bond price index weighted on the basis of market capitalization, where no bond weight may exceed 35%. The bond price taken is the average price on the day of index calculation. The five bonds currently taken for the index calculation include DAB05, HZZO, RHMFO4, RHMFO8 and RHMFO12, with RHMFO12 carrying the greatest weight. The value of CROBIS on 30 September 2002 was set at 100 points, and its value at end-October amounted to 99.9 points.

Unlike previous years, bond trading dominated the total volume of trade on the Zagreb Stock Exchange this year. This was even more pronounced in the second half of the year. The volume of bond trading in the first ten months of 2002 reached HRK 3bn, which is more than four times the volume of trade in the whole of 2001. Market capitalization of government bonds at end-October was HRK 10.1bn (EUR 1.3bn), or 6.2% of GDP in 2001. The most frequently traded bond is a bond of the Republic of Croatia maturing in 2012. This bond accounted for approximately one half of the total volume of bond trading from July to October 2002. Government bonds also traded on the Varaždin Stock Exchange in September and October. Their volume of trade in these two months amounted to HRK 48.5m.

Corporate bonds also traded in October. Their market

Table 2: Comparison of Capital Markets Indicators

September 2002	Bratislava	Budapest	Ljubljana	Prague	Warsaw	Zagreb
Average daily turnover, shares (million USD)	3.6	18.2	5.6	16.2	37.3	0.3
Average daily turnover, bonds (million USD)	48.3	1.5	1.1	220.2	4.0	3.4
Turnover ^a /GDP ^c , annual level (%)	4.5	8.7	7.6	7.2	5.3	0.4
Turnover ^b /GDP ^c , annual level (%)	61.0	0.7	1.5	98.3	0.6	4.3
Turnover velocity ^d	39.7	41.3	27.5	35.7	39.6	2.3
Market capitalization ^a (million USD), end month	2,273.2	11,108.5	5,162.8	11,446.2	23,754.4	3,604.6
Market capitalization ^b (million USD), end month	6,827.9	16,740.0	2,363.5	11,796.0	0.0	1,340.9
Market capitalization ^a /GDP ^c , end month (%)	11.4	21.0	27.4	20.3	13.5	17.8
Market capitalization ^b /GDP ^c , end month (%)	34.2	31.7	12.6	20.9	0.0	6.6
Index movement from the beginning of the year (%)	-6.2	-0.4	53.9	12.0	-7.3	7.3
Index movement from the beginning of the month (%)	0.4	-7.3	5.0	-2.1	-3.9	1.1

^a Shares. ^b Bonds. ^c 2001. ^d Monthly volume of trading in shares x 100/market capitalization of shares. Sources: Reports from BSSE, BSE, PSE, LJSE, WSE, ZSE and FIBV Statistics (www.fibv.org).

Table 3: Issue of Bonds in the Domestic Market

Series	Issued by	Issue day	Maturity	Currency	Nominal value of the issue	Nominal interest rate	Last price	Current yield 31/10/2002
DAB-O-03CA	DAB	19/12/2000	19/12/2003	EUR	105,000,000	8.000%	105.00	7.619%
DAB-O-05CA	DAB	19/12/2000	19/12/2005	EUR	225,000,000	8.375%	111.50	7.511%
HZZO-O-047A	CIHI	19/7/2000	19/7/2004	EUR	222,000,000	8.500%	107.50	7.907%
RHMF-O-049A	Republic of Croatia	20/9/2001	20/9/2004	EUR	200,000,000	6.500%	104.30	6.232%
RHMF-O-08CA	Republic of Croatia	14/12/2001	14/12/2008	EUR	200,000,000	6.875%	107.65	6.386%
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	150,000,000	6.875%	106.00	6.486%
BLSC-O-051A	Belišće d.d.	17/1/2002	17/1/2005	EUR	17,000,000	7.375%	100.25	7.357%
PLAG-O-048A	Plava laguna d.d.	25/2/2002	25/8/2004	EUR	12,000,000	6.750%	100.50	6.716%

Source: ZSE.

Table 4: Issue of International Bonds of the Republic of Croatia

Bond	Currency	Amount	Nominal interest rate	Yield on issue day	Spread ^a 31/3/2002	Spread ^a 30/6/2002	Spread ^a 30/9/2002	Spread ^a 31/10/2002
London Club A	USD	857,796,000	6-month LIBOR + 81.25 b.p.	0	161	143	149	145
London Club B	USD	604,426,000	6-month LIBOR + 81.25 b.p.	0	157	142	139	143
Euro-DEM bonds, 2004	DEM	300,000,000	6.125%	6.20%	104	147	130	121
Eurobonds, 2006	EUR	300,000,000	7.375%	7.45%	124	150	150	131
Samurai bonds, 2004	JPY	25,000,000,000	4.00%	4.00%	...	...	105	104
Eurobonds, 2005	EUR	500,000,000	7.00%	7.06%	124	147	152	126
Samurai bonds, 2007	JPY	40,000,000,000	3.00%	3.00%	159 ^b	159 ^b	112	106
Samurai bonds, 2006	JPY	25,000,000,000	2.50%	2.50%	160 ^b	160 ^b	99	97
Eurobonds, 2011	EUR	750,000,000	6.75%	6.90%	148	158	164	155
Eurobonds, 2009	EUR	500,000,000	6.25%	6.45%	139	153	158	157
Samurai bonds, 2008	JPY	25,000,000,000	2.15%	2.15%		144 ^b	114	110

^a In relation to benchmark bond. ^b Upon issuing. Source: Bloomberg.

capitalization increased by 2% in that month, compared with end-August and reached HRK 318.3m.

Commercial papers also traded on the Zagreb Stock Exchange. Their volume of trade was HRK 7.8m in September and HRK 12m in October.

At end-October, the total nominal value of all eleven issues of Croatian Eurobonds was HRK 32.5bn, or USD 4.3bn.

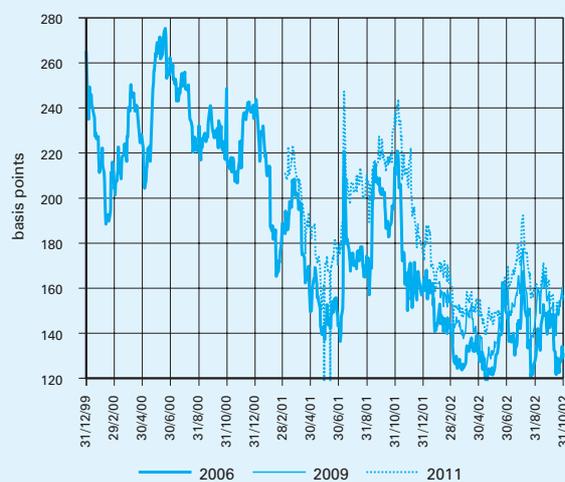
The spread on Croatian bonds compared with benchmark German bonds shrank with oscillations from August to October 2002, which indicates that the improved confidence in foreign

investment in Croatia was at times reluctantly exercised.

The spread on Croatian bonds compared with similar bonds of selected transition countries remains wide. The Hungarian and Slovenian bonds had the narrowest spread as well as the lowest oscillation (approximately 40 basis points) in relation to benchmark German bond. The spread on Slovakian bonds has narrowed significantly in the last two quarters, and the spread on Polish bonds, following steady widening over several quarters, also recorded a fall in the last quarter.

Figure 67

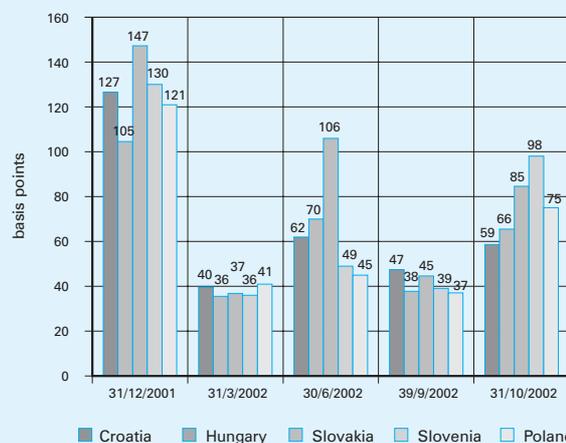
CROATIAN EUROBONDS SPREAD 2006, 2009 AND 2011, COMPARED WITH BENCHMARK GERMAN BONDS



Source: Bloomberg.

Figure 68

COMPARISON OF CROATIAN EUROBOND SPREAD WITH SIMILAR BONDS OF SELECTED TRANSITION COUNTRIES IN RELATION TO A BENCHMARK GERMAN BOND



Source: Bloomberg.

International Transactions

An increase in imports of goods (statistical revision) and inflows from tourism marked international transactions in the third quarter of 2002.

Current Account

The third quarter is commonly marked by the balance of payments surplus, which is created by a substantial receipts from tourism. According to the preliminary data for this quarter, the surplus was USD 0.9bn or about 4% of GDP estimated for 2002.

The balance of payments results have deteriorated as a result of the revision of data on goods imports (an increase in imports in 2001 and 2002; see the section of Merchandise Trade). The current account deficit for 2001 thus widened to 3.8% of GDP, rising its share in GDP by about 0.6 percentage points. The revised quarterly data for 2002 will be published in the next issue of the CNB Bulletin, i.e. within the balance of payments data for the January-September period of 2002.

The prolongation of tourist season towards early season was discussed in the previous issue of the CNB Bulletin. In addition, there are also some indications that the number of foreign tourist nights and arrivals has increased in the off-season, and the accommodation capacities have been fully exhausted only in July and August. The preliminary data (based on the survey on consumption of foreign tourist and the CBS data on foreign tourist arrivals and nights) show that tourism receipts were USD 2.2bn in the third quarter of 2002, or somewhat lower than expected due the change in arrivals dynamics of tourists that stay in paid accommodation (changeable weather at the end of third quarter) and spend relatively more than others (arrivals fell by 5.7% over the third quarter last year) and tourist that stay in private accommodation (arrivals rose by 13.7% over the third quarter of 2001). It can be as-

sumed that the number of foreign tourists arrivals and nights and their consumption in the third quarter will not diverge greatly from the last year's results (adjusted for the change in prices and the exchange rate). The inflow from tourism is therefore expected to slightly exceed USD 0.5bn in the last quarter and to result in the total annual inflow between USD 3.7bn and 3.9bn.

Movements registered in the first three quarters of 2002 suggest that the current account and the overall balance of payments continued trends resembling those from previous years. The current account run a cumulative deficit of USD 0.7bn in the first three quarters of 2002.

The permanent current account deficit is the result of the fact that over the years Croatia's value of investment has been higher than the value of domestic (and national) savings. Accordingly, foreign savings have been used to finance the difference. Since the gross domestic product (GDP) equals the sum of private consumption (C), investments (I) and general consumption (G) and the balance in the foreign trade balance (the difference between exports of goods and services (X) and imports of goods and services (M)), and the domestic savings (S) equals the difference between GDP and total domestic consumption (C + G), it follows that:

$$(GDP - (C + G)) - I = S - I = (X - M), \quad (1)$$

i.e. that the difference between the domestic savings and investments must equal the balance in the account of goods and (non-factor) services in the foreign trade balance.

If net income from abroad (Y_f or a positive/negative balance in the income account in the current account of the balance of payments) is added to GDP, the result is the gross national income (GNI¹⁰), which represents the total economic activity of the national production factors in a country and abroad ($GNI = GDP + Y_f$). Moreover, if net current transfers (NCT or the balance in the current transfers account in the current account of the balance of payments) are added to GNI, the result is the gross national disposable income (GNDY), which shows the total amount of income generated by the regular economic activity and available to a country in one year:

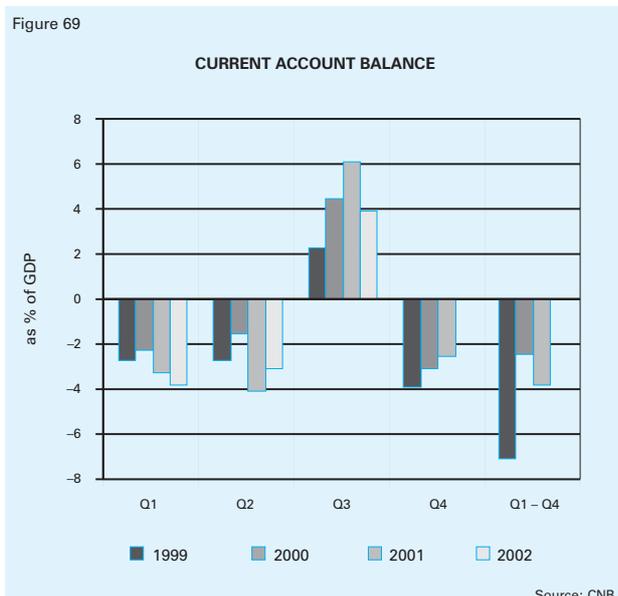
$$\begin{aligned} GNDY &= C + I + G + (X - M) + Y_f + NCT = \\ &= GNI + NCT = GDI + Y_f + NCT \end{aligned} \quad (2)$$

The current account of the balance of payments (CAB) equals the foreign trade balance increased by the balance in the income account Y_f and the balance in the net current transfers account NCT. Therefore, the gross national disposable income can also be expressed as:

$$GNDY = C + I + G + CAB \quad (3)$$

The national savings S_n is calculated as GNDY minus current consumption (C+G). Therefore, the difference between

Figure 69



10 GNP, which largely resembles today's GNI, was the main macroeconomic aggregate in earlier versions of the System of National Accounts, i.e. those published before 1993.

Table 5: Economic Activity, Savings, Investments and Balance of Payments, as % of GDP

	1997	1998	1999	2000	2001
GDP, current prices	100.0	100.0	100.0	100.0	100.0
– Private consumption (C)	62.2	58.9	57.6	58.8	60.0
– Investment consumption (I)	27.5	24.0	23.0	20.2	21.9
– General consumption (G)	26.0	26.6	27.8	26.1	23.6
– Exports of goods and services (X)	41.1	39.6	40.9	47.1	49.1
– Imports of goods and services (M)	56.8	49.2	49.3	52.3	54.7
Goods and services balance, current prices, or S-I	-15.7	-9.6	-8.4	-5.1	-5.5
Domestic savings, S, current prices	11.8	14.5	14.6	15.1	16.4
Income balance, BoP	-0.1	-0.8	-1.8	-2.1	-2.7
Gross national income (GNI), current prices	99.9	99.2	98.2	97.9	97.3
Current transfers balance, BoP	4.3	3.3	3.2	4.8	4.9
Gross national disposable income (GNDY), current prices	104.2	102.5	101.4	102.7	102.2
Current account balance, or Sn-I	-12.5	-6.7	-7.0	-2.4	-3.2
National savings (Sn), current prices	16.0	17.0	16.0	17.8	18.5

Note: The aggregates of the economic activity have been converted in US dollars at average CNB exchange rate. The additional discrepancy may be the result of rounded figures and the minor methodological difference in reporting exports/imports of goods and services in the national accounts statistics and in the balance of payments statistics in Croatia.
Source: CNB and CBS.

the national savings and investments is:

$$(GNDY - (C+G)) - I = Sn - I = (X - M) + Y_f + NCT \quad (4)$$

i.e. the difference between the national savings (Sn) and investments (I) equals the balance in the current account of the balance of payments (CAB). If national savings are higher than investments, the current account runs a surplus, or the current account runs a deficit if investments are higher than national savings (see Table 5).

The gross national income (GNI) was lower than the gross domestic product (GDP) over the whole period. This difference intensified, which means that the economic activity engaged more foreign than domestic production factors, especially the foreign capital (evidenced by the negative balance in the income account in the balance of payments). The gross national disposable income (GNDY) was higher than GDP in the reference period. Thus, the economic subjects were able to dispose of, due to transfers received from abroad (also indicated by a regular surplus in the current account of the balance of payments – mostly net remittances of workers temporarily employed abroad), income higher than one generated only by the country's economic activity.

Merchandise Trade

According to the CBS preliminary data, total exports and imports of goods stood at USD 3.6bn and USD 7.7bn, respectively, in the first nine months 2002. As a result, the annual growth in foreign trade deficit, expressed in US dollars, was 23.8%. The annual growth in total exports of goods, expressed in US dollars, stood at 3.6% in the January-September period of 2002, while the growth in seasonally adjusted exports (other transport equipment excluded) was 5.5%. In the same period, the annual fall in total exports, expressed in kunas, was 1.1%, while the growth in seasonally adjusted exports (other transport equipment excluded) was 0.6%. The difference between the annual kuna and US dollar rates of change resulted from the weakened exchange rate of the US dollar against the euro and the kuna in the second and the

third quarters of 2002 in comparison with the same periods last year. According to the SITC sections and divisions, the annual growth in exports of goods, expressed in US dollars, over the first nine months of 2002 was mostly supported by exports of electrical machinery, apparatus and equipment (31.3%), medicines and pharmaceutical products (17%), sugar (129.9%), and fish (76.9%).

The correctness control of the single administrative documents that were submitted to the CBS showed a system error in the manner of presenting values of ships. This error was the result of the new Single Administrative Document introduced at the beginning of 2001. Accordingly, the data on cumulative goods imports in the January-September period of 2002 was corrected. Since the same system error was detected in the data on total imports of goods in 2001, it was corrected in the same manner. After the correction of data on the value of imported ships, the annual value of total goods imports was USD 9,147m in 2001, which is 1.5% more than the value of goods imports in 2001 stated in the CBS First Releases of 10 July 2002. The corrected data show that the annual growth in total

Figure 70

MERCHANDISE EXPORTS (f.o.b.) AND IMPORTS (c.i.f.) AND TREND
other transport equipment excluded, at constant prices,
December 1999 = 100



Source: CBS.

Box 4: The Stock of International Investments

The balance of payments reflects the flows (transactions) of a country with the rest of the world and vice versa. As in case of each economic unit, cash and financial flows, i.e. flows of revenues and expenditures in a relevant period result in the change of the stock of assets or liabilities. If cash and financial flows, i.e. flows of revenues and expenditures of a country with the rest of the world are positive, the country may increase its stock of foreign assets or decrease its foreign liabilities. If these flows are negative, the country has to finance the negative balance from the decrease in its stock of foreign assets (sale of foreign assets) or the increase in its foreign liabilities (borrowings). The Balance of Payments Manual, Fifth Edition, 1993 (the basic balance of payments methodology) prescribes the additional report which countries are required to keep on international transactions. This report, titled Stock of International Investments or International Investment Position - IIP, registers the stock and the changes in the stock of foreign assets and liabilities which are caused by the change in the volume, value and other adjustments.

In order to improve the international transactions statistics, the CNB included the report on the stock of international investments in its CNB Bulletin (Tables H14 - H17). The first report was published in the Statistical Survey of the CNB Bulletin No. 73 issued in July 2002. The classification applied to the distribution of the stock of international investments is closely linked the financial account of the balance of payments. The main difference stems from the different approach to their basic distribution. The distribution of the financial account is based on the functional types of investments (direct, portfolio and other investments, and reserve assets). Each item is further divided into assets and liabilities, and then shown by sectors, maturity and instruments. The IIP report first shows the stock of assets and

liabilities, and then their functional type and instruments.

The IIP report is more comprehensive than the report on external debt and includes, in addition to foreign liabilities, foreign assets (mostly reserve assets of the CNB and international assets of banks).

As discussed above, the transactions in the financial account mostly contribute to the change in the stock of international investments. Other changes may be interpreted by the change in prices and exchange rates of original currencies (currencies in which transactions were executed) against the reporting currency. As the influence of the change in prices and exchange rates on the stock of assets and liabilities arising from international investments can be measured only in exceptional cases, the indirect measurement approaches are used to calculate the values that result from the change in prices and/or exchange rate. For example, the adjustments for the impact of the change in prices on the stock of direct and portfolio investments are made on the basis of the data on balance of payments transactions and carrying values and the data on the value of the official index of the ZSE (CROBEX).

In addition to the changes in prices and exchange rates, the stock is also influenced by other changes: allocation/cancellation of SDRs, monetization/demonetization of gold, functional reclassification of investments, debt write-off and errors and omissions. However, although SDRs and gold (in accordance with the recommendations of the Fifth Edition of the Manual) are not claims, they are still financial assets. Since they are not claims, their allocation/cancellation is not considered a transaction and is not reflected in the balance of payments but in the stock of international investments. The reclassification of assets and liabilities (often caused by the change investment motives of creditors - debt/equity swap) changes the distribution structure of the stock of international investments and in most cases is not reflected in the financial account of the balance of payments.

imports of goods, expressed in US dollars, stood at 13.6% in the January-September period of 2002, while the growth in seasonally adjusted imports (other transport equipment excluded) was 15.2%. Among the main industrial groupings, the annual growth in imports of goods over the observed period was registered in all groupings (except energy) and was especially strong in imports of capital goods (15.9%) and non-durable consumer goods (13.9%).

Capital and Financial Account

The deficit accumulated in the first three quarters of 2002 was covered by the capital and financial transactions - the government issued EUR 500m worth of Eurobonds (about USD 500m) in the European market in the first quarter, and JPY 25bn worth of Samurai bonds (about USD 250m) in the Japanese market in the second quarter.

The receipts from the sale of government stakes in Dubrovačka banka and Splitska banka and the first tranche of receipts from the renewed privatization of Riječka banka in the second quarter of 2002 (USD 100m which are recorded in the FDI account) were used to finance the current account deficit.

Until 1999, the permanent deficit in the current account (excess of investments over domestic and national savings) was mostly financed by other investments (external debt accumulation). From 1999 onwards, direct and portfolio investments took a leading role. Since the financial transactions

were more than abundant for the financing of the current account deficit in the said period, there was also room for the increase in reserves.

International Investment Position – Stock of International Investments

The savings and investments (current transactions) are the flows which influence an increase or decrease in assets or liabilities of a country. The current account deficit (excess of investments over domestic and national savings) is financed from the sale of foreign or acceptable foreign assets, i.e. from an increase in foreign liabilities which is reflected in the flows of financial transactions. The financial transactions flows of a country with the rest of the world result in the change of the stock of its foreign assets and liabilities. The stock of foreign assets and liabilities and its changes are registered in the report on the stock of international investments or the report on the international investment position of the Republic of Croatia.

Table 6: Financing of the Savings/Investment Gap by the Financial Account

	1997	1998	1999	2000	2001
Current account balance	-12	-7	-7	-2	-4
Direct investment	2	4	7	6	7
Portfolio investment	3	0	3	4	4
Other investment	11	3	4	0	1
Reserve (increase -)	-2	-1	-2	-3	-7

Sources: CNB i CBS

Table 7: International Investment Position, in million USD

	1998	1999	2000	2001
1. International investment position (net)	-5,145.5	-6,334.4	-6,862.5	-5,295.9
2. Assets	6,187.1	5,871.8	7,152.6	9,978.0
2.1. Direct investment abroad	1,027.3	910.0	879.5	975.2
2.2. Portfolio investment	29.7	26.0	14.3	22.4
2.3. Financial derivatives	0.0	0.0	0.0	0.0
2.4. Other investment	2,314.3	1,910.8	2,734.0	4,276.1
2.4.1. Trade credits	219.7	198.7	184.1	175.8
2.4.2. Loans	145.2	103.2	91.7	101.8
2.4.3. Currency and deposits	1,949.4	1,608.9	2,458.2	3,998.5
2.5. Reserve assets (CNB)	2,815.8	3,025.0	3,524.9	4,704.2
3. Liabilities	11,332.7	12,206.2	14,015.2	15,273.9
3.1. Direct investment in Croatia	2,135.6	2,745.4	4,018.9	5,063.3
3.2. Portfolio investment	2,145.3	2,699.7	3,288.4	3,881.5
3.3. Financial derivatives	0.0	0.0	0.0	0.0
3.4. Other investment	7,051.7	6,761.1	6,707.9	6,329.0
3.4.1. Trade credits	443.8	377.2	341.7	300.2
3.4.2. Loans	5,993.3	5,846.2	5,933.4	5,395.3
3.4.3. Currency and deposits	614.6	537.7	432.8	633.5

Source: CNB.

Croatia's international liabilities were twice larger than its international assets in the period between 1998 and 2000. 2001 saw a significant increase in assets. In contrast, foreign liabilities grew at a moderate rate due improved assets/liabilities ratio. The currency and deposits of banks and other sectors and the CNB's international reserves are the most important assets items, while other investments (long-term credits), the stock of direct and portfolio investment constitute the most important liabilities items.

External Debt

The external debt stood at USD 13,384m at end-September 2002, up USD 2,162m or 19.3% in comparison with end-2001. The government borrowings of about USD 740m accounted for the largest amount in this debt growth and mostly concerned the issuance EUR 500m worth of Euro-bonds and JPY 25bn worth of Samurai bonds. The government thus retained the major share in external debt (43%) despite the decrease in obligations to the Paris Club and London Club. The banks' borrowings rose by about USD 620m or 27.2% and to a large extent resulted from the increase in foreign positions of currency and deposits of banks (about USD 800m or 115.5%). As a result, their share in total external debt rose to 20%. Other sectors' borrowings rose by about USD

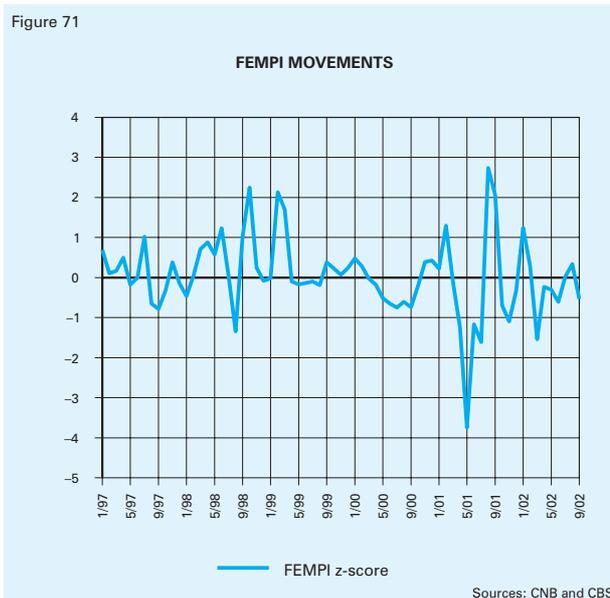
570m or 18.3% and mostly resulted from the purchase of investment equipment and the increase in FDIs of about USD 240m or 36.6% (lines of credit granted by mother companies to their subsidiaries in Croatia). Other sectors' share in total external debt remained unchanged at 28%, while the FDIs share rose to 6.6%.

The total external debt grew by an additional USD 849m (statistically) in the first nine months of 2002 due to the negative movements in the exchange rate of the US dollar against the euro and other currencies in which Croatia's external debt is denominated. The remaining increase of USD 1,313m represents the increase in debt not influenced by the exchange rate developments.

International Liquidity

Movements in international liquidity are shown by the FEMPI which is the weighted average of the depreciation rate of the exchange rate against the euro and the rate of decrease in gross reserves. The deviations from the arithmetic mean divided by the standard deviation give the z-score variable.

The FEMPI was at approximately ± 1 standard deviation in the fourth quarter of 2001. In January 2002, it rose above the 1 standard deviation and moved towards depreciation (the highest positive value of this index registered in 2002). In the following months of 2002 (i.e. by end-September), the FEMPI did

**Table 8: External Debt of the Republic of Croatia by Debtor, end of period, in million USD and %**

	1998	1999	2000	2001	Sep. 2002	Structure					Index			
						1998	1999	2000	2001	Sep. 2002	1999/98	2000/99	2001/00	Sep.2002/01
1. Monetary sector	234	197	159	122	108	2.4	2.0	1.4	1.1	0.8	84.2	80.7	76.7	88.5
2. Government	3,395	3,973	4,796	5,015	5,754	35.4	40.2	43.6	44.7	43.0	117.0	120.7	104.6	114.7
of which: London Club	1,405	1,381	1,255	1,106	957	14.7	14.0	11.4	9.9	7.2	98.3	90.9	88.1	86.5
3. Banks	2,499	2,187	2,088	2,305	2,933	26.1	22.2	19.0	20.5	21.9	87.5	95.5	110.4	127.2
of which: Currency and deposits	615	538	433	634	1,366	6.4	5.4	3.9	5.6	10.2	87.5	80.5	146.4	215.5
4. Other sectors (enterprises)	3,215	3,208	3,336	3,132	3,704	33.5	32.5	30.3	27.9	27.7	99.8	104.0	93.9	118.3
5. Direct investment	244	307	624	648	885	2.5	3.1	5.7	5.8	6.6	125.8	203.3	103.8	136.6
Total (1+2+3+4+5)	9,586	9,872	11,002	11,222	13,384	100.0	100.0	100.0	100.0	100.0	103.0	111.4	102.0	119.3

Source: CNB.

not deviate by more than ± 0.6 standard deviation, except in March when it reached -1.5 standard deviation.

Government Finance

Budget Highlights in the Third Quarter of 2002 and Expectations through end-2002

After adjustment for the deficits generated by the government agencies Croatian Highways (CH) and Croatian Roads (CR) and the settled financial obligations of certain public enterprises, which have been classified as subsidies, the consolidated central government deficit on an accrual basis amounted to HRK 5.0bn in the first three quarters of 2002 and was 14.3% lower in nominal terms than in the comparable period of 2001.

In November 2002, the Parliament adopted the revised consolidated central government budget for 2002. In the revised budget, the consolidated central government revenues and the CH and CR budgets remained unchanged, at HRK 71.6bn (exclusive of capital revenues), whereas expenditures were reduced from HRK 80.6bn to HRK 79.8bn. The major reduction in expenditures refers to a cut in capital expenditures of CH and CR and the consolidated central government budget, which together declined by HRK 1.7bn. The deficit of the consolidated central government budget including CH and CR might reach 5.5% of GDP in 2002, whereas a comparable deficit in 2001 was estimated at 6.0%.

According to the CNB statistics, the consolidated central government debt stood at HRK 70.1bn at end-September 2002 (preliminary data), which is HRK 3.7bn more than in December 2001. In the overall debt, T-bills grew by HRK 0.7bn, bonds by HRK 0.6bn, and bank loans by HRK 2.4bn.

The Outturn of the Consolidated Central Government Budget

The Consolidated Central Government Deficit

Total consolidated central government deficit on a cash basis was HRK 2.5bn (Table 9) in the first three quarters of

2002, 50.8% less than in the corresponding period of 2001. In the same period, the deficit on an *accrual basis* (exclusive of capital revenues) stood at HRK 4.1bn or 29.3% less than in the comparable period last year. The stagnation in the settlement of net arrears in the third quarter of 2002 (HRK 26m) has led to the 2002 deficit increase on an accrual basis. After adjustment for the CH and CR deficits and the settled financial obligations of certain public enterprises, which have been reclassified as the government budget subsidies, the consolidated central government deficit on an accrual basis amounted to HRK 5.0bn in the first three quarters of 2002, 14.3% less in nominal terms than in the comparable period of 2001. It should be noted that the negative balance of the CH and CR budgets increased compared with that presented in the last CNB *Quarterly Bulletin* because CH advances, which were paid in 1998 when the contracts were signed, have been removed from revenues¹¹ owing to the fact that the budget is now presented on an accrual basis. Nevertheless, the consolidated central government deficit was considerably below that recorded in the comparable period last year owing to two factors. First, compared with 2001, cash budgetary revenues have grown much faster in 2002 (6.7%) than expenditures (1.2%), which had a positive nominal effect of HRK 2.6bn. Second, the payments from the government budget of financial obligations of certain public enterprises, which have been reclassified as subsidies, have been much lower in 2002 (HRK 0.1bn) than in 2001 (HRK 0.5bn). These two factors contributed the most to a 14% cut in the consolidated central government deficit (adjusted for CH and CR operations) on an accrual basis in the first three quarters of 2002 compared with the same period last year.

Total consolidated central government deficit on an accrual basis (exclusive of capital revenues) including the CH and CR budgets might reach 5.5% of GDP at the annual level. This should ensure the planned reduction in government budget arrears from HRK 0.7bn to HRK 0.1bn by the year-end. In that case, the level of the government budget arrears could be treated as errors and omissions of the system.

¹¹ These advances were formerly presented within retail sales tax revenues.

Table 9: Balances of the Consolidated Central Government Budget, in million HRK and %

	2001				2002				2002/2001
	Q1	Q2	Q3	Q1 - Q3	Q1	Q2	Q3	Q1 - Q3	Q1 - Q3
Revenues and grants	14,409	16,845	16,865	48,119	14,611	18,059	18,684	51,354	6.7%
Expenditures and net lending	17,752	17,657	17,797	53,207	17,225	18,312	18,318	53,855	1.2%
Deficit on a cash basis	-3,344	-812	-932	-5,087	-2,614	-253	366	-2,501	-50.8%
Capital revenues	56	96	210	362	62	765	523	1,350	272.6%
Deficit on a cash basis excluding capital revenues	-3,400	-908	-1,142	-5,450	-2,676	-1,018	-157	-3,851	-29.3%
Net changes in arrears	457	142	-392	207	285	-525	26	-214	-
Deficit on an accrual basis	-2,943	-766	-1,534	-5,243	-2,391	-1,543	-131	-4,065	-22.5%
Repayments classified as subsidies	240	80	225	545	32	64	28	124	-77.3%
Deficit on an accrual basis as defined in the Letter of Intent	-3,183	-846	-1,759	-5,788	-2,423	-1,607	-159	-4,189	-27.6%
Balance of state agencies CH and CR	0	0	0	0	-262	-160	-352	-774	-
Deficit on an accrual basis as defined in the Letter of Intent and adjusted for CH and CR	-3,183	-846	-1,759	-5,788	-2,685	-1,767	-511	-4,963	-14.3%

Source: MoF.

Consolidated Central Government Revenues

The total consolidated central government revenues and grants (exclusive of capital revenues) reached HRK 50.0bn in the first nine months of 2002, HRK 2.2bn more than in the same period of 2001. This reflects a 4.6% growth in nominal terms. The inclusion of revenues of the government agencies for the construction and maintenance of roads and highways (CH and CR), which were completely excluded from the budget at the beginning of the year, raises the consolidated central government revenues by 2.3bn to a total of HRK 52.3bn in the first nine months of 2002.

Adjusted for the CH and CR revenues, tax revenues were HRK 4.4bn (9.3% in nominal terms) higher in the first nine months of 2002 than in the corresponding period of 2001. The dynamics of current tax inflows has been in line with the Ministry of Finance projections. This primarily refers to the two main revenue items of the budget: social security contributions and value added tax (VAT). Introduction of additional health insurance and a lesser than expected outflow of pension insurance contributions to the second pillar (around HRK 0.6bn at the annual level) increased the inflow dynamics of net social security contributions. Thus, it seems that social security inflows will almost reach the planned amount of HRK 22.3bn, which means that the shortfall in these revenues would be only HRK 0.1–0.2bn. VAT revenues amounted to HRK 17.5bn in the first nine months of 2002, which is 73% of the planned annual amount and is in line with expectations. By the end of 2002, VAT revenues may exceed the planned amount by HRK 0.1bn.

The outturn of other government budget revenues considerably differs from that expected at the beginning of 2002. Profit tax revenues considerably exceeded those planned; they were HRK 2.1bn in the first three quarters of 2002, thus surpassing the planned annual amount. By the year-end, it is expected that profit tax revenues will be HRK 0.5–0.6bn above those planned. Revenues from customs duties reached HRK 2.8bn in the first three quarters of 2002, which is 82% of the planned annual amount. Since no significant deceleration in imports is expected in the fourth quarter of 2002, inflows from customs duties might exceed the planned amount by HRK 0.4–0.5bn.

Revenue items which have underperformed are revenues from excises and non-tax revenues. Projected excise revenues have been overestimated because of great expectations regarding excises on tobacco products. In the first nine months of 2002, revenues from these excises were HRK 48.8m higher than in the same period of 2001. Hence, the expected HRK 0.3bn annual increase in these revenues will not be achieved by the year-end. In 2002, for the first time, a part of the ministries' own revenues has been included in non-tax revenues of the government budget. The revised budget for 2002 projects that these revenues will reach HRK 2.5bn. In the first three quarters of 2002 they amounted to 53% of the planned annual amount (HRK 1.3bn). In this period, unexpectedly low inflows were recorded in other property income (19% of the planned annual amount) and the ministries' own revenues (27% of the planned annual amount). In contrast, the surplus of the CNB

income over expenditures transferred to the government budget stood at HRK 0.34bn, or 37% above the planned amount. It is expected that non-tax revenues will total HRK 1.8bn by the year-end, which is 72% of the planned annual amount.

Consolidated Central Government Expenditures

In the first nine months of 2002, total consolidated central government expenditures on a cash basis stood at HRK 53.9bn, up HRK 0.6bn or 1.2% in nominal terms over those in the same period of 2001. Together with the government agencies for the construction and maintenance of roads and highways, total consolidated central government expenditures grew by 7.0% to HRK 56.9bn.

In the same period, the government incurred net arrears of HRK 0.2bn, repaying the net amount of HRK 26m in the third quarter of 2002. In the first three quarters of 2001, the government settled net arrears of HRK 0.2bn, but it accumulated HRK 0.4bn of net arrears in the third quarter of 2001. The 2002 government budget projects that net arrears will fall to HRK 0.1–0.15bn. This could be treated as errors and omissions of the system, through which around HRK 6.0bn of payments is executed in a month.

Principal repayments based on the debt of certain public enterprises, which owing to the relationship between the Ministry of Finance, certain non-financial public enterprises and financial institutions have the characteristics of subsidies, have been considerably lower in 2002 than in 2001. In the first three quarters of 2002, this type of expenditures reached HRK 0.1bn, 0.4bn less than in the same period last year.

After adjustment for CH and CR operations, the net amount of arrears settled and principal repayments on behalf of certain public enterprises, which have the characteristics of subsidies, consolidated central government expenditures amounted to HRK 57.3bn in the first three quarters of 2002, 6.9% more than in the corresponding period last year.

In the text below we comment on the outturn of individual expenditure items of the consolidated central government budget after adjustment for CH and CR operations.

Expenditures for other goods and services (cash basis) fell by 7.0% in nominal terms in the first nine months of 2002 compared with the corresponding period of 2001, and reached 66% of the amount planned in the revised budget. In the fourth quarter of 2002, the government has to settle at least HRK 0.6bn of arrears, a portion of which refers to outlays for other goods and services. Still, these outlays are not expected to surpass the amount planned in the revised 2002 budget by the year-end.

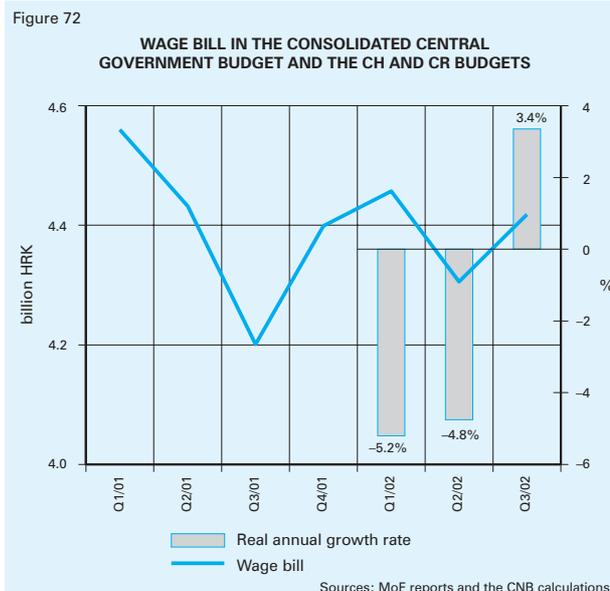
Interest payments on the public debt were 26.5% higher in nominal terms in the first nine months of 2002 than in the same period last year. Interest payments planned at the beginning of 2002 amounted to HRK 3.9bn. Still, due to the depreciation of the dollar against the kuna, the kuna value of these payments decreased so that the revised budget projects that they will amount to HRK 3.6bn.

Subsidies and other current transfers reached HRK 25.3bn in the first nine months of 2002, which is a 3.8% increase in nominal terms compared with the corresponding period last

year. In this period, subsidies declined by 14.0% in nominal terms. The revised budget projects that subsidies and current transfers will be reduced by HRK 0.3bn. Although seasonal fluctuations in these outlays have been strong over the preceding years, it can not be assumed that these outlays will surpass the amount planned in the revised budget by the year-end. In the second half of 2002, the Government decided to increase the subsidies to shipyards by taking over the repayment of their loans. This decision will not affect the 2002 budget, but its effect on the 2003 budget will be around HRK 0.5bn. In addition, it is highly likely that direct subsidies to shipyards will grow by 10%, which will increase the budget expenditures in 2003 by another HRK 0.2bn. It may be expected that subsidies for shipyards and agriculture will grow in 2003.

Wages

The wage bill in the government sector stood at HRK 13.2bn in the first three quarters of 2002, and was the same in nominal terms as in the corresponding period last year. In real terms, the wage bill fell by 2.3%. According to the quarterly dynamics, the wage bill in real terms shows a growing trend. However, the comparison of 2002 and 2001 by quarters would not be methodologically correct because not until the second quarter of 2001 did the Government implement a part of the public administration reform – the part relating to the redefinition of individual wages in public administration. The wage bill growth in real terms in the third quarter of 2002 may be attributed to long-service awards, which have been paid over the year based on agreements with the unions. According to the 2002 budget revision, the wage bill should



amount to HRK 17.8bn, HRK 0.5bn more than budgeted at the beginning of the year. The plans to reduce employment, primarily in the Ministry of Defense, should be completed by end-2002 and implemented in 2003.

Financing

According to the preliminary CNB statistics, the consolidated central government debt totaled HRK 70.1bn at end-September 2002, HRK 3.7bn more than in December 2001. Within the total debt increase, net subscriptions for

Table 10: Domestic Debt of Central Government, end of period, in million HRK

	Stock			Change	
	Dec. 2001	Jun. 2002	Sep. 2002	Jan. – Sep. 2001	Jan. – Sep. 2002
1. Domestic debt of central government	25,003.7	26,855.8	27,273.7	2,658.0	2,269.9
1.1. Domestic debt of the Republic of Croatia	21,467.9	23,614.7	23,630.5	1,819.5	2,162.5
Treasury bills	4,892.3	5,778.8	5,544.1	1,889.5	651.8
Money market instruments	7.4	0.1	0.1	-12.7	-7.3
Bonds	15,415.8	15,633.1	16,096.8	315.1	681.0
Credits from the CNB	-	2.4	-	-	-
Credits from DMBs	1,152.4	2,200.2	1,989.4	-372.5	837.0
1.2. Domestic debt of central government funds	3,535.8	3,241.1	3,643.2	838.5	107.4
Money market instruments	96.4	96.6	98.3	76.1	1.9
Bonds	1,636.1	1,625.2	1,629.8	-12.5	-6.4
Credits from DMBs	1,803.3	1,519.3	1,915.1	774.9	111.8

Source: CNB *Bulletin*, Table I3.

Table 11: External Debt of Central Government, end of period, in million HRK

	Stock			Change	
	Dec. 2001	Jun. 2002	Sep. 2002	Jan. – Sep. 2001	Jan. – Sep. 2002
1. External debt of central government	41,412.2	41,991.8	42,793.5	5,558.5	1,381.3
1.1. External debt of the Republic of Croatia	38,648.2	39,609.9	39,802.3	5,256.8	1,154.1
Bonds	30,077.9	30,848.5	30,402.1	5,410.6	324.2
Credits	8,570.3	8,761.4	9,400.2	-153.8	829.9
1.2. External debt of central government funds	2,764.0	2,381.9	2,991.3	301.7	227.2
Bonds	697.9	283.3	288.9	314.0	-409.0
Credits	2,066.1	2,098.5	2,702.3	-12.4	636.2

Source: CNB *Bulletin*, Table I3.

T-bills grew by HRK 0.7bn, bonds by HRK 0.6bn, and bank loans by HRK 2.4bn.

Domestic Central Government Debt to Banks

In the first nine months of 2002, the domestic debt grew by a total of HRK 2.3bn. The domestic debt of the consolidated central government rose by HRK 0.4bn in the third quarter of 2002. This increase resulted almost solely from the net issue of bonds (HRK 0.5bn), whereas net financing from banks (HRK 0.2bn) was offset by net repayment of T-bills (HRK 0.2bn). Positive news regarding a decrease in the government guarantees, which were mentioned in the last issue of the *CNB Quarterly Bulletin*, were only short-term. Government guarantees, which were on a steady downward trend in the second quarter of 2002 and fell by a total of HRK 1.3bn, went up by as much as HRK 2.5bn in the third quarter. According to the CNB data, total government guarantees stood at HRK 22.1bn at end-September 2002.

Central Government External Debt

The external debt of the consolidated central government grew by HRK 1.4bn in the first three quarters of 2002, reaching HRK 42.8bn at end-September. This is a 3.3% growth compared with the external debt level at end-December 2001. Net borrowing from banks accounted for the total

amount of the external debt increase (HRK 1.5bn). Almost half of the increase refers to the government agencies for the construction and maintenance of roads and highways. External sources of finance projected for the fourth quarter of 2002 include the second tranche of the SAL of USD 0.1bn, with the repayment of the external credit principal of HRK 0.8bn.

Privatization

Revenues from privatization could reach some HRK 2.0bn in 2002. Privatization revenues amounted to HRK 0.7bn (Dubrovačka banka, Splitska banka and Riječka banka) in the first half of 2002, and additional HRK 0.24bn was raised in the third quarter of 2002 from the sale of hotels Croatia Cavtat and Anita Vrsar. It is certain that Croatia osiguranje will not be privatized this year. It is also likely that the planned privatization of Croatia banka, which is expected to be merged with Hrvatska poštanska banka, will not be carried out by the year-end. Privatization revenues of HRK 1.1bn expected in the fourth quarter of 2002 include the receipts from the sale of the government stake in Privredna banka Zagreb and the second portion of the receipts from the sale of Riječka banka, which will follow a review of its operations. In addition to the estimated HRK 2.0bn of privatization revenues, the usual capital inflow from the sale of state- and army-owned apartments of HRK 0.3bn is expected by the year-end. Hence, capital revenues could total HRK 2.3bn in 2002.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

Data on financial institutions' claims and liabilities are classified according to institutional sectors and financial instruments. Institutional sectors are: financial institutions, central government and funds, other domestic sectors and foreign sector.

The financial institutions sector includes the following sub-sectors: monetary authorities (the central bank), deposit money banks (DMBs), other banking institutions and other financial institutions. The central bank is the Croatian National Bank (CNB). Deposit money banks are institutions to which the Croatian National Bank has issued a license to perform banking business services in accordance with the Banking Law, including savings banks during a transition period. Data on DMBs do not include claims and liabilities of banks undergoing bankruptcy proceedings, nor former branches of banks with their headquarters in the former Yugoslavia. Other banking institutions comprise housing savings banks, savings and loan cooperatives and investment funds. Other financial institutions are financial institutions not classified as banks or other banking institutions (for exam-

ple insurance companies, pension funds).

The central government and funds comprise government authorities including the Croatian Roads Administration, State Agency for Deposit Insurance and Bank Rehabilitation and Croatian Guarantee Agency, and the following central government funds: Croatian Institute for Health Insurance, Croatian Pension Insurance Institute, Croatian Employment Institute, Croatian Privatization Fund, Croatian Waters and Croatian Bank for Reconstruction and Development. Other domestic sectors are local government authorities and local funds, public and private enterprises and households, including craftsmen and non-profit institutions providing services to households. In some tables other domestic sectors are divided into the following sub-sectors: local government (which comprises local government authorities and local funds), public and private enterprises, and households (including craftsmen and non-profit institutions).

Foreign sector includes foreign legal and natural persons.

All data on claims and liabilities refer to balances at the end of the reporting period. Foreign exchange items are reported in their kuna equivalent at the midpoint CNB exchange rate at the end of the reporting period.

Table A1: Monetary and Credit Aggregates

End of period, million kuna and %

Year	Month	Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth					
								Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit
1993	December	2,248.9	3,134.4	3,759.2	10,061.1	12,005.7	20,287.9	–	–	–	–	–	–
1994	December	4,714.2	6,642.6	6,996.7	17,679.9	16,540.1	27,661.5	11.73	2.20	3.83	2.26	11.84	3.45
1995	December	6,744.1	8,234.9	8,503.2	24,623.0	21,576.3	32,819.5	2.97	0.89	1.54	3.41	1.00	1.88
1996	December	8,770.4	11,368.9	11,494.9	36,701.1	24,960.4	33,831.2	11.35	7.83	7.67	4.88	-5.41	-11.61
1997	December	10,346.1	13,731.4	13,848.8	50,742.0	33,829.0	48,863.4	7.86	3.93	3.85	2.16	4.98	4.96
1998	December	9,954.2	13,531.4	13,615.2	57,340.3	44,626.8	59,792.0	7.24	6.92	6.59	2.51	3.73	0.25
1999	December ^a	10,310.0	13,858.9	13,965.7	56,659.3	40,003.8	55,875.8	4.53	5.46	5.48	2.28	0.35	-4.58
2000	December	11,717.3	18,030.3	18,256.4	73,061.1	44,043.9	60,863.3	7.32	10.04	9.89	3.66	10.46	2.66
2001	July	14,717.4	20,530.8	20,725.9	81,992.6	51,373.4	68,443.7	17.24	7.69	7.91	2.89	4.15	1.29
	August	12,206.9	19,838.2	20,121.7	87,747.7	53,164.5	71,626.4	-17.06	-3.37	-2.92	7.02	3.49	4.65
	September	13,627.4	20,284.5	20,557.6	88,343.7	53,913.1	71,442.3	11.64	2.25	2.17	0.68	1.41	-0.26
	October	16,075.1	20,064.9	20,420.6	90,102.4	54,147.3	72,863.2	17.96	-1.08	-0.67	1.99	0.43	1.99
	November	16,482.3	20,975.8	21,380.1	95,005.8	55,524.1	74,005.2	2.53	4.54	4.70	5.44	2.54	1.57
	December	17,803.2	23,703.5	23,936.5	106,071.4	57,410.0	74,868.1	8.01	13.00	11.96	11.65	3.40	1.17
2002	January	17,631.9	22,398.4	22,596.0	108,647.4	61,267.9	77,207.2	-0.96	-5.51	-5.60	2.43	6.72	3.12
	February	18,954.0	22,164.9	22,511.3	107,183.8	59,950.6	77,244.7	7.50	-1.04	-0.38	-1.35	-2.15	0.05
	March	19,747.8	24,375.1	24,776.6	106,245.0	63,530.6	79,764.0	4.19	9.97	10.06	-0.88	5.97	3.26
	April	20,757.4	26,418.4	27,012.0	106,333.0	66,599.9	82,032.8	5.11	8.38	9.02	0.08	4.83	2.84
	May	20,991.0	26,715.5	27,255.7	106,444.8	68,443.7	83,889.0	1.13	1.12	0.90	0.11	2.77	2.26
	June	22,036.3	28,254.4	28,792.8	106,593.3	69,199.4	84,916.6	4.98	5.76	5.64	0.14	1.10	1.22
	July	21,309.5	28,947.0	29,480.3	109,733.8	71,437.7	87,375.1	-3.30	2.45	2.39	2.95	3.21	2.90
	August	21,706.3	29,502.1	30,155.7	113,036.5	72,714.9	88,993.4	1.86	1.92	2.29	3.01	1.79	1.85
	September [*]	20,871.2	28,913.6	30,043.0	113,275.2	73,340.9	91,067.3	-3.85	-1.99	-0.37	0.21	0.86	2.33
	October	20,319.8	29,090.4	29,899.1	114,826.3	76,709.3	94,481.0	-2.64	0.61	-0.48	1.37	4.59	3.75

^a Domestic credit decreased by a one-off HRK 2,759.4m.

Table A1: Monetary and Credit Aggregates

The table shows data on some basic monetary and credit aggregates, including their monthly growth rates. In September 1999, all the monetary aggregates were revised. In previous publications of the CNB, data on claims and obligations of savings banks were not included in the compilation of the monetary aggregates.

Reserve money is taken over in its entirety from the Monetary Authorities Accounts (Table C1).

Money (M1) is defined in the same way as the corresponding item in the Monetary Survey (Table B1). It comprises currency outside banks, deposits with the CNB by other banking institutions and other domestic sectors as well as DMBs' demand deposits. Money (M1a) comprises currency outside banks and DMBs' demand deposits, increased by the demand deposits of the central government and funds with DMBs.

Broadest money (M4) comprises Money (M1), savings and time deposits, foreign currency deposits as well as bonds and money market instruments (all components are taken over from the Monetary Survey, Table B1).

Net domestic assets are defined as a difference between total liquid assets and foreign assets (net).

Domestic credit comprises DMBs' claims on other domestic sectors, other banking institutions and other financial institutions.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' share in monetary aggregate M1 amounted to 259.3 million kuna and in monetary aggregate M4 amounted to 4,035.8 million kuna. Data for June 1999 are comparable with data for July 1999 if Domestic credit is increased by 3,513.5 million kuna.

Table B1: Monetary Survey

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^b	Mar.	Jun.	Jul.	Aug.	Sep. [*]	Oct.
ASSETS											
1. Foreign assets (net)	16,913.0	12,713.5	16,655.5	29,017.2	48,661.3	42,714.4	37,379.6	38,296.1	40,321.6	39,934.3	38,117.0
2. Domestic credit	56,194.9	66,923.1	65,938.6	72,051.4	87,637.6	94,540.0	97,400.5	99,923.4	101,478.2	102,915.8	107,136.0
2.1. Claims on central government and funds (net)	7,331.4	7,131.1	10,062.8	11,188.2	12,769.5	14,776.0	12,483.9	12,548.3	12,484.8	11,848.5	12,655.0
2.2. Claims on other domestic sectors	48,616.6	59,597.7	55,676.4	60,653.4	74,513.0	79,231.4	84,245.7	86,704.7	88,365.5	90,078.4	93,472.7
2.3. Claims on other banking institutions	–	0.4	45.4	48.2	73.8	70.1	88.1	81.2	117.1	116.6	109.3
2.4. Claims on other financial institutions	246.8	193.9	154.0	161.7	281.4	462.5	582.8	589.1	510.8	872.2	899.0
Total (1+2)	73,107.8	79,636.5	82,594.1	101,068.7	136,298.9	137,254.3	134,780.1	138,219.4	141,799.8	142,850.1	145,253.0
LIABILITIES											
1. Money	13,731.4	13,531.4	13,858.9	18,030.3	23,703.5	24,375.1	28,254.4	28,947.0	29,502.1	28,913.6	29,090.4
2. Savings and time deposits	5,598.9	5,683.8	5,397.5	7,651.1	10,213.1	10,626.7	10,945.0	11,403.8	11,680.1	11,831.6	12,320.1
3. Foreign currency deposits	31,278.1	37,970.9	36,966.0	46,901.6	71,836.9	70,938.8	67,159.9	69,213.2	71,574.3	72,254.2	73,165.4
4. Bonds and money market instruments	133.6	154.1	436.8	478.2	317.8	304.4	234.1	169.8	280.0	275.8	250.4
5. Restricted and blocked deposits	5,953.4	4,315.2	3,814.7	2,864.5	1,926.2	1,861.3	1,993.8	1,754.3	1,731.5	1,896.8	1,794.5
o/w: Households' blocked f/c deposits	4,573.8	3,419.1	2,742.7	1,695.1	770.2	538.6	474.0	388.5	372.1	363.3	335.0
6. Other items (net)	16,412.5	17,981.1	22,120.0	25,143.1	28,301.4	29,148.1	26,192.9	26,731.3	27,031.8	27,678.2	28,632.2
Total (1+2+3+4+5+6)	73,107.8	79,636.5	82,594.1	101,068.7	136,298.9	137,254.3	134,780.1	138,219.4	141,799.8	142,850.1	145,253.0

^a The privatisation of Privredna banka Zagreb brought about a one-off decrease in its balance sheet total of HRK 2,759.4m. Loans in f/c to public enterprises diminished on the assets side and at the same time obligations to the Republic of Croatia arising from loans in f/c diminished on the liabilities side. Loans in f/c to public enterprises are listed under assets item "2.2. Claims on other domestic sectors". Obligations to the Republic of Croatia arising from loans in f/c are listed under assets item "2.1 Claims on central government and funds (net)".

^b The first revaluation of securities with the effect of HRK 165.5m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of HRK 63.8m, was included in the international reserves as at 31 December 2001 as well. The CNB's foreign liabilities increased by HRK 6.4m on the basis of accrued interest, while liabilities on the basis of required foreign exchange reserves increased by HRK 8.6m.

Table B1: Monetary Survey

The monetary survey shows consolidated data from the Monetary Authorities Accounts (Table C1) and DMBs' Accounts (Table D1).

Foreign assets (net) are the difference between total foreign assets and total foreign liabilities of the CNB and DMBs.

Domestic credit is the sum of corresponding items from Monetary Authorities Accounts and DMBs' Accounts. Claims on central government and funds are reported on a net basis, i.e. decreased by central government and funds' deposits with the CNB and DMBs.

Money is the sum of currency outside banks, deposits by other banking institutions with the CNB, deposits by other domestic sectors with the CNB and DMBs' demand deposits (item Demand deposits in DMBs' Accounts, Table D1).

Items Savings and time deposits, Foreign currency deposits as well as Bonds and money market instruments are entirely taken over from the DMBs' Accounts, while item Restricted and blocked deposits represents the sum of corresponding items from the Monetary Authorities Accounts (excluding DMBs' blocked deposits with the CNB) and DMBs' Accounts. Other items (net) are unclassified liabilities decreased by unclassified assets.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' share in DMBs' balance sheet total amounted to 4,296.3 million kuna. Data for June 1999 are comparable with data for July 1999 if Claims on other domestic sectors and Other items (net) are increased by 3,513.5 million kuna.

Table B2: Number of Reporting Deposit Money Banks and Savings Banks and their Classification by Total Assets

Year	Month	Total number of reporting DMBs	Reporting DMBs classified according to their total assets						Total number of reporting savings banks	Savings banks classified according to their total assets		
			Less than 100 million kuna	100 million kuna to less than 500 million kuna	500 million kuna to less than 1 billion kuna	1 billion kuna to less than 2 billion kuna	2 billion kuna to less than 10 billion kuna	10 billion kuna and over		Less than 10 million kuna	10 million kuna to less than 100 million kuna	100 million kuna and over
1	2	3	4	5	6	7	8	9	10	11	12	13
1993	December	43	16	12	7	4	2	2	0	0	0	0
1994	December	50	13	21	6	6	2	2	33	22	9	2
1995	December	53	15	20	7	7	2	2	21	7	13	1
1996	December	57	10	26	6	9	4	2	22	10	11	1
1997	December	60	4	28	9	8	9	2	33	12	18	3
1998	December	60	3	26	8	11	10	2	33	4	25	4
1999	December	53	4	23	7	7	10	2	30	5	21	4
2000	December	45	3	15	9	6	10	2	29	5	19	5
2001	July	45	3	15	8	6	11	2	25	4	16	5
	August	45	3	15	8	6	11	2	25	4	16	5
	September	45	3	15	8	6	10	3	24	4	15	5
	October	45	3	15	8	5	11	3	23	4	14	5
	November	45	3	15	7	6	11	3	22	3	14	5
	December	44	3	13	7	7	10	4	21	4	12	5
2002	January	45	3	14	7	7	9	5	19	3	12	4
	February	45	4	13	7	7	9	5	18	2	12	4
	March	46	5	12	8	7	11	3	17	2	11	4
	April	48	5	14	8	7	11	3	15	2	11	2
	May	50	8	14	7	7	11	3	12	2	8	2
	June	49	7	14	8	6	11	3	12	2	8	2
	July	47	7	13	8	6	10	3	11	3	6	2
	August	47	7	13	7	7	10	3	11	3	6	2
	September	47	7	12	6	9	10	3	11	3	6	2
	October	47	7	12	6	9	10	3	11	3	6	2

Table B2: Number of Reporting Deposit Money Banks and Savings Banks and their Classification by Total Assets

The table shows the total number of DMBs and savings banks which report monthly to the CNB. Their operations are shown in the DMBs' Accounts.

Special reporting requirements applied to savings banks until June 1995. Savings banks were not legally obliged to report on their operations, so that data up to June 1995 relate only to those savings banks

that reported voluntarily to the CNB. From July 1995 on, the data cover all registered savings banks. In accordance with the Banking Law, savings banks must meet the conditions set out in the Law by December 31, 2001, or they will be liquidated.

The table also shows the classification of reporting DMBs and savings banks according to their total assets.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics.

Table C1: Monetary Authorities Accounts

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec. ^b	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
ASSETS											
1. Foreign assets	16,005.6	17,592.5	23,135.7	28,747.4	39,308.9	41,501.9	41,227.8	42,491.6	43,123.5	42,817.5	43,597.0
1.1. Gold	–	–	–	–	–	–	–	–	–	–	–
1.2. Holdings of SDRs	927.0	1,444.4	1,449.2	1,204.2	905.8	884.4	705.5	718.2	713.5	687.4	589.3
1.3. Reserve position in the IMF	0.7	1.0	1.6	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7
1.4. Currency and demand deposits with foreign banks	510.6	342.0	1,109.6	7.4	6.1	229.0	6.9	6.0	6.2	6.4	6.4
1.5. Time deposits with foreign banks	12,169.5	11,696.6	17,702.4	20,986.9	25,565.9	27,595.0	26,692.4	27,367.3	28,295.0	26,812.4	27,670.7
1.6. Securities in f/c	2,396.5	4,107.2	2,871.6	6,545.7	12,829.3	12,791.7	13,821.3	14,398.4	14,107.0	15,309.6	15,328.8
1.7. Nonconvertible foreign exchange	1.4	1.4	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Claims on central government and funds	–	–	24.1	0.0	–	–	2.4	–	–	–	2.0
2.1. Claims in kuna	–	–	24.1	0.0	–	–	2.4	–	–	–	2.0
2.2. Claims in f/c	–	–	–	–	–	–	–	–	–	–	–
3. Claims on other domestic sectors	24.4	1.0	276.8	289.5	229.2	128.2	122.6	110.5	110.5	110.5	110.8
4. Claims on DMBs	33.5	1,053.8	1,138.7	329.9	18.5	578.7	17.0	17.3	17.5	17.3	17.7
4.1. Credits to DMBs	31.0	1,044.4	1,125.3	313.6	–	562.0	–	–	–	–	–
Lombard credits	30.0	252.3	176.7	–	–	4.0	–	–	–	–	–
Short-term liquidity credits	–	–	929.0	–	–	558.0	–	–	–	–	–
Other credits	1.0	333.0	19.7	14.0	–	–	–	–	–	–	–
CNB bills under repurchase agreement	–	459.2	–	299.6	–	–	–	–	–	–	–
4.2. CNB deposits with DMBs	2.5	9.3	13.4	15.2	16.6	16.7	17.0	17.1	17.2	17.0	17.4
4.3. Overdue claims	0.0	0.0	0.0	1.1	1.9	–	–	0.3	0.3	0.3	0.3
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	16,063.5	18,647.3	24,575.3	29,366.8	39,556.6	42,208.8	41,369.8	42,619.5	43,251.5	42,945.3	43,727.5
LIABILITIES											
1. Reserve money	10,346.1	9,954.2	10,310.0	11,717.3	17,803.2	19,747.8	22,036.3	21,309.5	21,706.3	20,871.2	20,319.8
1.1. Currency outside banks	5,307.5	5,718.8	5,958.9	6,636.7	8,507.4	9,145.9	9,904.2	10,288.2	10,295.5	9,679.8	9,506.8
1.2. DMBs' cash in vaults	216.9	251.4	382.1	532.3	538.8	891.3	972.4	909.9	1,084.8	895.9	1,001.9
1.3. DMBs' deposits	4,821.6	3,980.2	3,960.4	4,540.7	8,741.5	9,706.6	11,156.1	10,103.0	10,315.1	10,277.2	9,804.2
Settlement accounts	866.6	467.5	247.9	459.5	2,450.1	2,635.8	3,747.3	2,610.1	2,711.6	2,483.3	1,855.4
Statutory reserves	3,955.0	3,512.7	3,712.5	4,081.2	6,291.4	7,070.7	7,408.8	7,492.9	7,603.5	7,793.9	7,948.8
CNB bills on obligatory basis	–	–	–	–	–	–	–	–	–	–	–
1.4. Deposits of other banking institutions	–	2.4	8.5	7.5	15.5	4.0	3.6	8.4	10.9	18.3	7.0
1.5. Deposits of other domestic sectors	0.1	1.3	–	0.0	0.1	–	–	–	–	–	–
2. Restricted and blocked deposits	101.1	1,787.6	5,016.8	5,805.5	6,030.5	6,951.0	6,468.8	6,673.5	6,590.0	6,848.7	7,072.7
2.1. Statutory reserve in f/c	–	1,668.4	4,636.2	5,490.5	5,705.1	6,840.9	6,428.2	6,633.3	6,546.7	6,825.4	7,050.4
2.2. Restricted deposits	101.1	119.1	380.6	315.0	325.4	110.1	40.7	40.3	43.3	23.3	22.2
2.3. Escrow deposits	–	–	–	–	–	–	–	–	–	–	–
3. Foreign liabilities	1,471.4	1,465.4	1,671.2	1,630.8	1,597.5	1,995.7	1,317.0	1,811.9	2,310.4	1,711.9	1,863.5
3.1. Use of IMF credit	1,468.4	1,461.3	1,501.7	1,290.3	1,025.5	1,010.3	826.1	841.5	834.6	813.5	718.1
3.2. Liabilities to international organizations	3.0	4.1	6.8	9.5	12.2	13.5	12.4	12.6	12.6	12.6	12.8
3.3. Liabilities to foreign banks ^a	–	–	162.7	331.0	559.8	971.9	478.6	957.8	1,463.2	885.9	1,132.7
4. Central government and funds deposits	1,032.7	434.8	397.2	1,157.4	1,752.1	1,086.0	778.5	895.6	850.4	1,412.6	1,917.0
4.1. Demand deposits	805.7	390.2	394.2	1,008.5	1,752.1	1,086.0	778.5	845.7	750.6	1,312.8	1,897.0
Central government demand deposits	625.7	291.0	388.0	980.8	1,564.8	1,033.7	698.5	755.0	747.9	1,290.8	1,888.8
Central government funds demand deposits	180.1	99.3	6.2	27.7	187.3	52.3	80.0	90.6	2.7	22.0	8.3
4.2. Central government f/c deposits	147.6	–	0.0	–	–	–	–	–	–	–	–
4.3. CNB bills	79.4	44.6	2.9	148.8	–	–	–	49.9	99.8	99.8	20.0
5. CNB bills	722.0	2,242.9	2,887.2	4,207.3	6,372.3	6,052.0	6,342.4	6,989.6	6,898.8	7,236.1	6,999.0
5.1. CNB bills in kuna	722.0	830.7	1,252.5	2,394.6	3,458.9	4,026.3	4,531.8	5,168.5	5,204.1	5,540.4	5,472.3
5.2. CNB bills in f/c	–	1,412.2	1,634.7	1,812.7	2,913.4	2,025.7	1,810.5	1,821.1	1,694.7	1,695.7	1,526.7
6. Capital accounts	2,361.8	2,898.2	4,535.5	5,216.6	6,425.2	6,802.4	4,852.2	5,367.5	5,322.7	5,298.6	5,988.5
7. Other items (net)	28.5	–135.8	–242.4	–368.1	–424.2	–426.1	–425.3	–428.1	–427.1	–433.8	–433.1
Total (1+2+3+4+5+6+7)	16,063.5	18,647.3	24,575.3	29,366.8	39,556.6	42,208.8	41,369.8	42,619.5	43,251.5	42,945.3	43,727.5

^a Since October 2001, Liabilities to foreign banks include also liabilities based on CNB bills subscribed by nonresidents.

^b The first revaluation of securities with the effect of HRK 165.5m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of HRK 63.8m, was included in the international reserves as at 31 December 2001 as well. The CNB's foreign liabilities increased by HRK 6.4m on the basis of accrued interest, while liabilities on the basis of required foreign exchange reserves increased by HRK 8.6m.

Table C1: Monetary Authorities Accounts

The table reports data on claims and liabilities by monetary authorities. In September 1999, the data were revised, with savings banks being transferred from the sub-sector other banking institutions to the sub-sector banks. The whole data series has been revised accordingly.

Foreign assets include the following forms of foreign currency and kuna claims on foreign legal and natural persons: monetary gold, holdings of special drawing rights, foreign cash in vault, reserve position in the International Monetary Fund, current account balances with foreign banks and accrued interest, time deposits with foreign banks, foreign currency security investments and other claims.

Claims on central government and funds are loans and overdue claims on the budget of the Republic of Croatia. Claims in kuna were short-term loans granted for the purpose of overcoming timing differences between incoming revenues and execution of budgetary expenditures, long-term loans granted by special decrees by the government of the Republic of Croatia, and overdue claims on the budgetary central government based on the liabilities to the IMF and foreign banks. Item Claims in foreign currency was a counter-entry to the liability to the IMF based on the succession of membership in that institution. In accordance with the new Law on the Croatian National Bank that entered into force in April 2001, the Croatian National Bank may not extend credit to the Republic of Croatia.

Claims on other domestic sectors are loans and overdue claims on other domestic sectors, including banks in bankruptcy proceedings.

Claims on DMBs are credits to DMBs, deposits by the CNB with DMBs and overdue claims on DMBs. Credits to DMBs are split according to the type of financial instruments. Item Lombard credits comprises credits to DMBs for regular maintaining of the day-to-day liquidity, which were replaced by lombard credits in December 1994. Short-term liquidity credits, which have been granted since the beginning of 1999, also serve to bridge liquidity problems. Other credits include intervention credits, special credits for bridging liquidity problems granted in the past (initial credits, prerehabilitation credits) and due but unpaid credits. Overdue claims on DMBs comprise settlement account overdrafts (until mid-1994) and banks' failure to correctly and promptly allocate and maintain statutory reserve requirements.

Since May 1999, Claims on other domestic sectors include overdue claims on banks against which bankruptcy proceedings have been initi-

ated. Due to the reclassification of savings banks from the sub-sector other banking institutions to the sub-sector banks, data for Claims on DMBs and Claims on other banking institutions have been revised.

Reserve money consists of currency outside banks, cash in DMBs' vaults, DMBs' deposits with the CNB, other banking institutions' deposits and other domestic sectors' deposits with the CNB. DMBs' deposits are: settlement account balances, statutory reserves deposited on a special account with the CNB as well as CNB bills on an obligatory basis. Deposits by other banking institutions are settlement account balances of housing savings banks. Deposits by other domestic sectors are other domestic sectors' giro account balances which, on the basis of legal acts are deposited with the Croatian National Bank.

Restricted and blocked deposits include required foreign exchange reserves and accrued interest, restricted deposits and blocked foreign exchange deposits. Banks and savings banks are required to place foreign exchange reserve deposits in accounts at the Croatian National Bank on the basis of certain foreign exchange deposits they hold. Restricted deposits are kuna funds set aside on the basis of a court order or legal regulation, kuna funds set aside in the period between May 1999 and April 2002 and deposits of banks against which bankruptcy proceedings have been initiated. Blocked foreign exchange deposits are funds that were set aside in special accounts at the Croatian National Bank for repaying unpaid amounts due to foreign creditors.

Foreign liabilities include use of IMF credits, liabilities to international financial institutions and foreign banks and accrued interest.

Central government and funds deposits are demand deposits and foreign currency deposits of the Republic of Croatia and central government funds with the CNB, and CNB bills purchased by central government institutions.

CNB bills are kuna and f/c CNB bills on a voluntary basis, excluding CNB bills voluntarily purchased by central government institutions.

Capital accounts include reserves, provisions and the income and cost accounts.

Other items (net) are unclassified liabilities decreased by unclassified assets of the Monetary Authorities Accounts.

Due to the reclassification of savings banks from the sub-sector other banking institutions to the sub-sector banks, data for Currency outside banks, DMBs' cash in vaults, DMBs' deposits and Deposits of other banking institutions were revised.

Table D1: Deposit Money Banks' Accounts

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec. ^a	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep. [*]	Oct.
ASSETS											
1. Reserves with the CNB	5,045.6	5,908.1	8,987.9	10,588.9	15,002.7	17,532.5	18,618.3	17,712.5	18,010.7	17,989.1	17,886.6
1.1. In kuna	5,045.6	4,239.7	4,352.6	5,098.4	9,306.2	10,701.6	12,199.1	11,088.8	11,472.9	11,173.2	10,846.4
1.2. In f/c	–	1,668.4	4,635.3	5,490.5	5,696.5	6,830.8	6,419.2	6,623.7	6,537.9	6,815.9	7,040.2
2. Foreign assets	16,185.8	12,763.1	12,400.1	19,710.4	32,807.6	26,352.3	22,324.4	23,421.2	23,899.8	24,741.0	24,999.5
3. Claims on central government and funds	15,238.8	14,864.2	16,264.4	19,076.0	20,156.3	21,752.8	20,367.4	19,893.6	19,856.6	20,549.5	21,385.0
3.1. Bonds arising from blocked f/c deposits	6,714.4	5,802.3	5,419.9	4,484.4	3,420.1	2,948.8	2,920.3	2,454.4	2,444.6	2,442.9	2,493.5
3.2. Big bonds	2,291.9	2,103.1	1,321.8	1,475.7	1,659.4	1,650.9	1,672.3	1,680.7	1,680.1	1,699.7	1,702.6
3.3. Other claims	6,232.5	6,958.8	9,522.8	13,115.8	15,076.8	17,153.2	15,774.8	15,758.5	15,731.9	16,406.9	17,188.9
4. Claims on other domestic sectors	48,592.2	59,596.7	55,399.7	60,363.9	74,283.8	79,103.2	84,123.1	86,594.2	88,254.9	89,967.9	93,361.9
4.1. Claims on local government and funds	308.8	654.0	905.6	1,174.9	1,280.0	1,194.2	1,200.8	1,201.9	1,174.1	1,167.4	1,167.9
4.2. Claims on enterprises	35,487.2	41,225.5	35,244.3	35,890.7	42,882.0	45,346.0	46,936.3	47,557.8	48,458.0	49,435.7	50,894.6
4.3. Claims on households	12,796.2	17,717.2	19,249.8	23,298.3	30,121.9	32,563.0	35,986.0	37,834.5	38,622.8	39,364.8	41,299.4
5. Claims on other banking institutions	–	0.4	45.4	48.2	73.8	70.1	88.1	81.2	117.1	116.6	109.3
6. Claims on other financial institutions	246.8	193.9	154.0	161.7	281.4	462.5	582.8	589.1	510.8	872.2	899.0
Total (1+2+3+4+5+6)	85,309.3	93,326.4	93,251.5	109,949.1	142,605.6	145,273.4	146,104.2	148,291.8	150,650.0	154,236.3	158,641.3
LIABILITIES											
1. Demand deposits	8,423.8	7,808.9	7,891.5	11,386.0	15,180.6	15,225.2	18,346.6	18,650.4	19,195.7	19,215.4	19,576.7
2. Savings and time deposits	5,598.9	5,683.8	5,397.5	7,651.1	10,213.1	10,626.7	10,945.0	11,403.8	11,680.1	11,831.6	12,320.1
3. Foreign currency deposits	31,278.1	37,970.9	36,966.0	46,901.6	71,836.9	70,938.8	67,159.9	69,213.2	71,574.3	72,254.2	73,165.4
4. Bonds and money market instruments	133.6	154.1	436.8	478.2	317.8	304.4	234.1	169.8	280.0	275.8	250.4
5. Foreign liabilities	13,807.1	16,176.8	17,209.1	17,809.7	21,857.8	23,144.1	24,855.7	25,804.9	24,391.3	25,912.2	28,616.0
6. Central government and funds' deposits	6,874.7	7,298.3	5,828.6	6,730.5	5,634.7	5,890.8	7,107.5	6,449.7	6,521.3	7,288.4	6,815.0
7. Credit from central bank	33.7	1,049.2	1,138.7	328.8	16.6	578.7	17.0	17.1	17.2	17.0	17.4
8. Restricted and blocked deposits	5,852.3	4,196.0	3,434.2	2,549.6	1,600.8	1,751.3	1,953.1	1,714.0	1,688.2	1,873.5	1,772.3
o/w: Households' blocked f/c deposits	4,573.8	3,419.1	2,742.7	1,695.1	770.2	538.6	474.0	388.5	372.1	363.3	335.0
9. Capital accounts	17,027.0	19,785.6	21,975.4	24,953.1	25,455.1	25,694.4	25,005.9	25,047.1	25,231.7	25,967.0	26,369.9
10. Other items (net)	-3,719.9	-6,797.2	-7,026.4	-8,839.4	-9,507.8	-8,880.9	-9,520.5	-10,178.1	-9,929.9	-10,398.9	-10,261.8
Total (1+2+3+4+5+6+7+8+9+10)	85,309.3	93,326.4	93,251.5	109,949.1	142,605.6	145,273.4	146,104.2	148,291.8	150,650.0	154,236.3	158,641.3

^a The privatisation of Privredna banka Zagreb brought about a one-off decrease in its balance sheet total amount of HRK 2,759.4m. Loans in f/c to public enterprises diminished on the assets side and at the same time obligations to the Republic of Croatia arising from loans in f/c diminished on the liabilities side. Loans in f/c to public enterprises are listed under assets item "4.2 Claims on enterprises". Obligations to the Republic of Croatia arising from loans in f/c are listed under liabilities item "6. Central government and funds' deposits".

Table D1: Deposit Money Banks' Accounts

DMBs' Accounts include data on DMBs' claims and liabilities. DMBs' mutual claims and liabilities are consolidated. In September 1999, the data was revised to include savings banks. The whole data series was revised accordingly.

Required reserves held at the central bank include kuna and foreign exchange reserves. Kuna reserves include vault cash and kuna funds held in accounts at the central bank. Foreign exchange reserves include foreign exchange held in accounts at the central bank.

Foreign assets are the following forms of kuna and foreign currency claims on foreign legal and natural persons: foreign cash in vaults, deposits with foreign banks (including loro letters of credit and other collateral), securities, loans, and equities.

Claims on central government and funds are the following forms of claims in kuna and foreign currency: securities and loans. The main forms of claims on the central government are shown separately: bonds issued in accordance with the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia, and bonds issued in accordance with the Law on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia.

Claims on other domestic sectors include the following claims in

kuna and foreign currency: money market instruments, bonds, loans (including acceptances), and equities.

The same forms of kuna and foreign currency claims are included in claims on other banking institutions and other financial institutions, with one difference: Claims on other banking institutions also include deposits with those institutions.

Items Demand deposits, Savings and time deposits, Foreign currency deposits as well as Bonds and money market instruments comprise banks' liabilities to other domestic sectors, other banking institutions and other financial institutions.

Demand deposits include giro and current accounts balances and banks' obligations arising from kuna payment instruments issued, minus currency in the payment system, i.e. checks in banks' vaults and checks in collection.

Savings and time deposits are kuna sight deposits as well as kuna time and notice deposits.

Foreign currency deposits are foreign currency sight deposits as well as foreign currency time and notice deposits.

Bonds and money market instruments are banks' liabilities for securities issued (net) and loans obtained. Issued subordinated and hybrid instruments, purchased by foreign investors, are excluded from this item.

Foreign liabilities comprise the following forms of kuna and foreign currency liabilities to foreign legal and natural persons: giro and current accounts, savings deposits (including loro letters of credit and other forms of collateral), time deposits, loans received and liabilities due. Issued debt and hybrid instruments, purchased by foreign investors, are also included in loans received. Central government and funds' deposits are all forms of DMBs' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and funds.

Credit from central bank comprises loans obtained from the CNB and deposits by the CNB with DMBs. Repurchase of securities is also considered and treated as a loan.

Restricted and blocked deposits comprise the following DMBs' liabilities: kuna and foreign currency restricted deposits by other domestic sectors, other banking institutions, other financial institutions, central government and funds as well as foreign legal and natural persons; and households' blocked foreign currency deposits, regulated by the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia.

Capital accounts are share capital, profit or loss for the current year, retained profit (loss), required reserves, reserves provided for by the articles of association, other capital reserves and provisions for identified and unidentified losses.

Other items (net) are unclassified liabilities decreased by unclassified assets.

In May 1999, bankruptcy proceedings have been initiated against several few banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' share in the DMBs' balance sheet total amounted to 5,701.4 million kuna. On the assets side, most significant were: Claims on enterprises (4,378.7 million kuna) and Claims on households (701.4 million kuna). On the liabilities side, most significant were: Foreign currency deposits (3,443.7 million kuna), Foreign liabilities (1,024.6 million kuna) and Capital accounts (854.6 million kuna). Beginning in July 1999, the total amount of provisions for identified losses is shown within the Capital accounts item. Data for June 1999 are comparable to data for July 1999 if Claims on other domestic sectors and Capital accounts are increased by 3,513.5 million kuna. Other items have been corrected by small amounts.

Tables: D2-D12

This group of tables (with the exception of Table D5) represents an elaborate presentation of appropriate items of claims and liabilities of DMBs' Accounts (Table D1).

Table D2: Deposit Money Banks' Foreign Assets

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Foreign assets in f/c	16,167.9	12,743.4	12,352.8	19,619.2	32,763.6	26,321.8	22,264.8	23,357.7	23,766.9	24,604.1	24,913.0
1.1. Claims on foreign banks	15,425.6	11,980.5	11,598.5	19,154.9	31,660.3	25,055.2	21,156.0	22,172.4	22,592.0	23,200.8	23,523.4
Foreign currencies	850.4	586.9	886.7	1,002.8	7,324.7	1,760.3	1,085.0	1,351.3	1,082.6	825.5	822.5
Demand deposits	6,938.5	6,228.6	1,498.5	995.0	1,231.9	1,080.2	1,091.8	928.0	891.7	713.0	735.8
Time and notice deposits	7,010.9	4,637.1	8,509.4	16,286.7	21,765.2	20,236.6	16,745.1	17,532.8	18,151.2	18,850.2	18,854.8
Securities	88.6	51.1	–	454.9	1,008.5	1,646.0	1,899.3	1,972.0	2,076.0	2,443.8	2,776.2
Loans and advances	408.7	343.4	569.8	370.9	290.3	292.3	295.4	348.5	350.7	351.3	316.7
Shares and participations	128.4	133.5	134.1	44.6	39.7	39.8	39.4	39.8	39.7	17.0	17.4
1.2. Claims on foreign nonbanks	742.4	762.9	754.3	464.3	1,103.3	1,266.6	1,108.8	1,185.3	1,174.9	1,403.3	1,389.6
Claims on foreign governments	–	–	399.9	137.8	596.2	683.5	641.5	716.8	691.0	719.4	618.6
Claims on other nonresidents	580.4	583.9	350.4	322.4	505.5	581.5	465.7	466.9	482.4	682.3	769.4
Securities	17.7	3.7	4.5	–	72.1	109.0	11.1	11.3	0.0	41.5	117.5
Loans and advances	562.7	580.2	345.9	322.4	433.4	472.5	454.6	455.6	482.4	640.8	652.0
Shares and participations	162.0	179.0	4.0	4.1	1.6	1.6	1.5	1.6	1.5	1.5	1.6
2. Foreign assets in kuna	17.9	19.7	47.3	91.2	44.1	30.5	59.7	63.5	132.9	136.9	86.5
2.1. Claims on foreign banks	3.6	3.1	16.6	66.1	29.2	19.9	25.0	25.0	94.5	102.6	48.6
2.2. Claims on foreign nonbanks	14.3	16.6	30.6	25.1	14.8	10.6	34.6	38.5	38.4	34.2	38.0
o/w: Loans and advances	14.3	16.6	29.6	23.3	13.9	9.8	33.8	37.7	37.6	33.4	37.1
Total (1+2)	16,185.8	12,763.1	12,400.1	19,710.4	32,807.6	26,352.3	22,324.4	23,421.2	23,899.8	24,741.0	24,999.5

Table D2: Deposit Money Banks' Foreign Assets

This table shows DMBs' claims on foreign legal and natural persons.

Foreign assets of DMBs' comprise foreign assets in kuna and foreign currency.

Claims on foreign banks and Claims on foreign nonbanks (total and by financial instruments) are shown separately within both foreign as-

sets in kuna and in foreign currency.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Foreign assets amounted to 402.3 million kuna. Through June 1999, some households' f/c savings deposits were included in Demand deposits and f/c savings deposits.

Table D3: Deposit Money Banks' Claims on the Central Government and Funds

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Bonds (c'part to blocked f/c savings deposits)	6,714.4	5,802.3	5,419.9	4,484.4	3,420.1	2,948.8	2,920.3	2,454.4	2,444.6	2,442.9	2,493.5
2. Big bonds	2,291.9	2,103.1	1,321.8	1,475.7	1,659.4	1,650.9	1,672.3	1,680.7	1,680.1	1,699.7	1,702.6
3. Other claims	6,232.5	6,958.8	9,522.8	13,115.8	15,076.8	17,153.2	15,774.8	15,758.5	15,731.9	16,406.9	17,188.9
3.1. In kuna	4,261.8	5,066.1	8,564.0	11,432.5	12,795.6	14,307.5	12,819.3	12,715.3	12,725.3	13,269.8	13,831.8
3.1.1. Claims on central government	4,191.8	4,614.1	7,831.3	9,812.6	11,150.7	12,664.4	11,512.9	11,447.3	11,449.8	11,556.8	11,767.1
Securities	4,171.7	4,426.9	6,897.3	8,587.8	10,323.7	10,674.4	9,915.1	9,836.5	9,896.5	10,136.8	10,317.7
Loans and advances	20.1	187.2	934.0	1,224.9	826.9	1,990.0	1,597.8	1,610.8	1,553.3	1,420.1	1,449.4
3.1.2. Claims on central government funds	70.0	452.0	732.7	1,619.9	1,644.9	1,643.1	1,306.4	1,268.0	1,275.5	1,713.0	2,064.7
Securities	–	–	–	647.8	656.5	682.1	656.6	620.5	628.4	645.2	647.3
Loans and advances	70.0	452.0	732.7	972.1	988.4	961.0	649.8	647.5	647.1	1,067.8	1,417.4
3.2. In f/c	1,970.7	1,892.7	958.8	1,683.3	2,281.2	2,845.7	2,955.5	3,043.2	3,006.6	3,137.1	3,357.1
3.2.1. Claims on central government	1,966.7	1,879.5	921.4	1,492.7	1,390.9	1,935.7	2,047.7	2,153.0	2,122.3	2,258.2	2,466.2
Bonds	1,172.5	1,182.2	518.1	869.2	1,065.5	1,555.2	1,445.2	1,580.3	1,551.7	1,688.8	1,819.1
Loans and advances	794.2	697.3	403.3	623.5	325.5	380.5	602.4	572.7	570.6	569.3	647.1
3.2.2. Claims on central government funds	4.0	13.2	37.4	190.6	890.3	910.0	907.8	890.2	884.3	878.9	890.9
Securities	2.8	0.2	27.6	35.0	75.4	69.6	38.3	39.6	39.4	31.6	32.2
Loans and advances	1.3	13.0	9.8	155.5	814.8	840.4	869.5	850.6	844.8	847.3	858.7
Total (1+2+3)	15,238.8	14,864.2	16,264.4	19,076.0	20,156.3	21,752.8	20,367.4	19,893.6	19,856.6	20,549.5	21,385.0

Table D3: Deposit Money Banks' Claims on the Central Government and Funds

The table shows kuna and foreign currency DMBs' claims on the central government and funds.

Bonds arising from blocked foreign currency savings deposits are issued in accordance with the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia.

Big bonds are those issued in accordance with the Law on the Issue

of Bonds for the Restructuring of the Economy of the Republic of Croatia.

Other claims are all other DMBs' kuna and foreign currency claims on central government and funds: securities, loans and equities.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Claims on central government and funds amounted to 17.8 million kuna.

Table D4: Deposit Money Banks' Claims on Other Domestic Sectors

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec. ^a	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Claims in kuna	40,149.5	50,509.7	48,336.4	53,739.5	66,626.8	70,267.6	75,541.2	78,058.2	79,499.3	80,640.3	83,446.5
1.1. Money market instruments	81.5	101.8	365.7	231.9	544.7	619.7	778.8	878.1	926.7	1,190.8	1,293.2
1.2. Bonds	1.7	0.7	0.0	1.0	7.7	124.5	163.1	161.6	119.6	118.6	111.6
1.3. Loans and advances	35,971.2	45,956.0	44,505.1	49,566.8	62,180.6	65,820.6	70,852.8	73,500.9	74,919.4	75,767.3	78,840.0
1.4. Shares and participations	4,095.2	4,451.3	3,465.5	3,939.8	3,893.8	3,702.8	3,746.5	3,517.6	3,533.5	3,563.6	3,201.8
2. Claims in f/c	8,442.7	9,087.0	7,063.3	6,624.3	7,657.0	8,835.5	8,581.9	8,536.0	8,755.7	9,327.6	9,915.4
2.1. Securities	0.6	0.6	74.9	112.4	126.6	201.6	380.4	310.2	334.6	276.1	242.9
2.2. Loans and advances	8,442.1	9,086.3	6,988.5	6,512.0	7,530.5	8,633.9	8,201.5	8,225.8	8,421.1	9,051.5	9,672.5
Total (1+2)	48,592.2	59,596.7	55,399.7	60,363.9	74,283.8	79,103.2	84,123.1	86,594.2	88,254.9	89,967.9	93,361.9

^a Loans in f/c decreased by a one-off HRK 2,759.4m.

Table D4: Deposit Money Banks' Claims on Other Domestic Sectors

The table shows DMBs' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments: money market instruments, bonds, loans and advances (including acceptances and purchased claims), and equities and arrears.

Until October 1994, foreign currency loans could be granted only when a DMB simultaneously borrowed abroad in their own name and for the account of the end-user.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Claims on other domestic sector amounted to 5,088.0 million kuna. Data for June 1999 are comparable with data for July 1999 if item Loans and advances under Claims in kuna is increased by 2,904.3 million kuna, item Shares and participations is decreased by 520.3 million kuna, and if item Loans and advances under Claims in f/c is increased by 1,129.4 million kuna.

Table D5: Distribution of Deposit Money Banks' Loans by Domestic Institutional Sectors

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec. ^a	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
LOANS IN KUNA											
1. Loans to central government and funds	74.6	633.2	1,666.6	2,196.9	1,815.4	2,951.0	2,247.6	2,258.3	2,200.4	2,487.8	2,866.8
1.1. Loans to central government	4.6	181.9	934.0	1,224.9	826.9	1,990.0	1,597.8	1,610.8	1,553.3	1,420.1	1,449.4
1.2. Loans to central government funds	70.0	451.3	732.7	972.1	988.4	961.0	649.8	647.5	647.1	1,067.8	1,417.4
2. Loans to local governments and funds	293.2	623.5	785.7	996.8	1,069.1	965.3	969.5	970.7	943.1	935.0	932.7
3. Loans to enterprises	22,925.8	27,660.0	24,533.4	25,328.0	31,049.4	32,361.7	33,973.5	34,775.7	35,434.5	35,549.7	36,697.6
4. Loans to households	12,752.2	17,672.5	19,186.1	23,242.1	30,062.1	32,493.6	35,909.8	37,754.5	38,541.8	39,282.6	41,209.7
o/w: Housing loans	....	....	7,469.5	8,257.8	9,450.0	9,793.8	10,245.9	10,631.6	10,844.4	11,321.0	11,892.9
5. Loans to other banking institutions	–	0.4	31.3	33.5	34.7	34.6	19.3	19.4	19.3	18.6	18.7
6. Loans to other financial institutions	166.6	114.2	138.6	105.5	240.9	320.5	472.5	410.6	418.1	802.3	532.5
A. Total (1+2+3+4+5+6)	36,212.4	46,703.7	46,341.6	51,902.8	64,271.6	69,126.8	73,592.3	76,189.2	77,557.2	79,076.1	82,258.0
LOANS IN F/C											
1. Loans to central government and funds	679.9	637.4	413.1	779.1	1,140.3	1,221.0	1,471.9	1,423.3	1,415.5	1,416.6	1,505.8
1.1. Loans to central government	678.6	624.5	403.3	623.5	325.5	380.5	602.4	572.7	570.6	569.3	647.1
1.2. Loans to central government funds	1.3	13.0	9.8	155.5	814.8	840.4	869.5	850.6	844.8	847.3	858.7
2. Loans to local governments and funds	13.1	30.5	118.7	171.6	179.1	179.1	165.5	165.3	164.6	163.9	166.2
3. Loans to enterprises	8,382.3	9,009.8	6,806.1	6,284.0	7,291.7	8,385.4	7,959.7	7,980.5	8,175.4	8,805.4	9,416.5
4. Loans to households	46.8	46.0	63.7	56.3	59.7	69.4	76.2	80.1	81.1	82.2	89.7
5. Loans to other banking institutions	–	–	1.7	–	–	–	–	–	–	–	–
6. Loans to other financial institutions	–	–	–	–	–	–	43.9	118.3	33.2	11.0	2.0
B. Total (1+2+3+4+5+6)	9,122.0	9,723.8	7,403.2	7,291.0	8,670.7	9,854.9	9,717.4	9,767.5	9,869.7	10,479.1	11,180.3
TOTAL (A+B)	45,334.4	56,427.5	53,744.9	59,193.9	72,942.3	78,981.7	83,309.6	85,956.7	87,426.9	89,555.2	93,438.3

Table D5: Distribution of Deposit Money Banks' Loans by Domestic Institutional Sectors

The table shows data on kuna and foreign currency loans granted by DMBs to domestic sectors, including acceptances, financial leases, payments made on the basis of guarantees and similar instruments and purchased claims.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' loans amounted to 4,463.3 million kuna. Data for June 1999 are comparable with data for July 1999 if total loans in kuna are increased by 2,972.6 million kuna, and total loans in f/c are increased by 840.9 million kuna.

Table D6: Demand Deposits with Deposit Money Banks

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Local governments and funds	484.2	514.3	314.7	573.6	907.0	1,014.8	1,515.2	1,562.0	1,653.4	1,754.3	1,751.3
2. Enterprises	5,692.8	4,794.2	4,695.6	7,087.1	8,981.6	8,587.7	10,421.0	10,426.3	10,658.2	10,783.6	11,322.6
3. Households	2,235.7	2,492.2	2,686.5	3,499.7	4,872.0	4,979.6	5,828.0	5,909.5	6,072.2	6,024.5	5,841.1
4. Other banking institutions	–	–	6.9	11.6	17.0	25.7	22.8	20.0	16.3	16.7	17.3
5. Other financial institutions	203.8	190.0	190.0	221.7	407.1	622.0	567.5	739.7	802.1	642.7	650.8
6. Less: Checks of other banks and checks in collection	–192.6	–181.8	–2.2	–7.6	–4.2	–4.7	–8.0	–7.1	–6.4	–6.3	–6.4
Total (1+2+3+4+5+6)	8,423.8	7,808.9	7,891.5	11,386.0	15,180.6	15,225.2	18,346.6	18,650.4	19,195.7	19,215.4	19,576.7

Table D6: Demand Deposits with Deposit Money Banks

The table shows demand deposits with DMBs, classified by domestic institutional sectors.

Demand deposits are the sum of other domestic sectors', other banking institutions' and other financial institutions' giro and current accounts balances, minus currency in the payment system (i.e. amount

of checks in banks' vaults and checks in collection). Banks' obligations arising from kuna payment instruments issued are included in the household sector.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Demand deposits with those banks amounted to 259.3 million kuna.

Table D7: Time and Savings Deposits with Deposit Money Banks

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Savings deposits	1,115.7	1,117.5	1,371.4	1,676.1	2,006.8	1,916.8	2,064.9	2,081.1	2,088.4	2,164.1	2,098.5
1.1. Local governments and funds	–	–	91.7	137.6	118.3	13.3	10.8	12.8	14.9	15.5	16.6
1.2. Enterprises	–	–	92.1	142.4	88.0	105.2	71.4	124.0	136.8	192.6	156.8
1.3. Households	1,115.7	1,117.5	1,167.3	1,348.3	1,712.2	1,780.9	1,908.9	1,898.8	1,910.8	1,948.3	1,912.6
1.4. Other banking institutions	–	–	2.6	0.6	20.8	0.0	66.4	0.2	0.1	0.0	0.0
1.5. Other financial institutions	–	–	17.8	47.2	67.5	17.3	7.4	45.3	25.8	7.7	12.5
2. Time and notice deposits	4,483.2	4,566.3	4,026.2	5,975.0	8,206.3	8,709.9	8,880.0	9,322.7	9,591.8	9,667.5	10,221.6
2.1. Local governments and funds	102.6	185.3	176.1	230.7	340.7	409.9	462.2	474.6	494.6	575.1	595.1
2.2. Enterprises	1,785.0	1,569.2	1,417.0	2,871.4	3,618.3	3,853.4	3,616.3	3,794.4	4,014.1	4,037.2	4,362.7
2.3. Households	1,962.1	1,998.7	1,531.7	1,789.8	2,554.1	2,803.2	3,221.7	3,385.0	3,423.1	3,488.2	3,580.1
2.4. Other banking institutions	–	–	33.5	20.8	24.7	14.5	27.0	30.3	44.9	35.3	37.1
2.5. Other financial institutions	633.6	813.1	867.8	1,062.2	1,668.5	1,628.9	1,552.9	1,638.4	1,615.0	1,531.7	1,646.7
Total (1+2)	5,598.9	5,683.8	5,397.5	7,651.1	10,213.1	10,626.7	10,945.0	11,403.8	11,680.1	11,831.6	12,320.1

Table D7: Time and Savings Deposits with Deposit Money Banks

The table shows Kuna savings and time deposits by other domestic sectors, other banking institutions and other financial institutions with DMBs.

In May 1999, bankruptcy proceedings have been initiated against

several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Time and savings deposits with those banks amounted to 323.7 million kuna. In July 1999, certain deposits of local government, enterprises, other banking institutions and other financial institutions were reclassified from savings to time deposits.

Table D8: Foreign Currency Deposits with Deposit Money Banks

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Savings deposits	10,750.3	12,140.3	12,228.1	14,566.3	23,748.8	21,658.3	20,419.4	21,369.8	21,857.4	21,947.7	21,828.5
1.1. Local governments and funds	111.7	19.5	29.5	16.8	13.2	16.2	17.0	13.6	13.8	13.5	13.2
1.2. Enterprises	1,969.4	2,091.9	1,842.6	2,408.0	2,884.2	2,819.3	3,042.6	3,631.9	3,751.3	3,989.6	3,648.7
1.3. Households	8,616.2	9,976.4	10,256.6	12,041.5	20,688.3	18,721.1	17,204.4	17,551.6	17,900.8	17,823.5	17,954.9
1.4. Other banking institutions	–	–	6.4	10.3	23.9	18.3	17.4	18.5	19.0	20.1	17.5
1.5. Other financial institutions	52.9	52.5	93.0	89.8	139.2	83.4	138.0	154.2	172.4	100.8	194.2
2. Time deposits	20,527.8	25,830.6	24,737.9	32,335.3	48,088.1	49,280.6	46,740.4	47,843.4	49,716.9	50,306.6	51,336.9
2.1. Local governments and funds	–	–	15.5	8.2	1.7	9.7	9.5	11.1	10.8	12.5	13.0
2.2. Enterprises	1,457.2	1,579.4	1,442.3	2,753.1	4,619.1	5,040.9	4,723.1	4,815.3	5,908.5	6,302.3	6,207.2
2.3. Households	18,849.8	23,994.7	22,957.7	29,097.2	42,705.4	43,324.6	41,232.1	42,229.7	42,887.8	43,109.5	44,225.8
2.4. Other banking institutions	–	–	2.5	4.2	11.5	9.4	22.4	22.0	21.9	21.7	22.2
2.5. Other financial institutions	220.8	256.5	320.0	472.7	750.3	896.0	753.3	765.3	887.9	860.6	868.7
Total (1+2)	31,278.1	37,970.9	36,966.0	46,901.6	71,836.9	70,938.8	67,159.9	69,213.2	71,574.3	72,254.2	73,165.4

Table D8: Foreign Currency Deposits with Deposit Money Banks

The table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and other financial institutions with DMBs. Foreign currency savings deposits are all foreign currency sight deposits and foreign currency payment instruments

issued while foreign currency time deposits also include foreign currency notice deposits.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Foreign currency deposits with those banks amounted to 3,443.7 million kuna.

Table D9: Bonds and Money Market Instruments

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.*	Oct.
1. Money market instruments (net)	7.0	4.5	1.4	–	–	–	–	–	4.9	4.9	4.9
2. Bonds (net)	19.1	24.1	384.1	353.5	104.4	103.4	96.2	97.1	96.9	96.3	97.7
3. Other domestic borrowing	107.5	125.6	51.2	124.7	213.4	201.0	137.9	72.7	178.2	174.6	147.7
3.1. Local governments and funds	0.0	0.0	–	–	–	–	–	–	–	–	–
3.2. Enterprises	29.9	22.5	13.7	15.2	158.1	45.8	44.0	43.5	44.6	44.4	45.5
3.3. Other banking institutions	–	54.2	15.7	1.3	4.6	4.8	2.5	–	–	1.2	1.0
3.4. Other financial institutions	77.6	48.9	21.8	108.2	50.7	150.4	91.4	29.2	133.6	129.0	101.2
Total (1+2+3)	133.6	154.1	436.8	478.2	317.8	304.4	234.1	169.8	280.0	275.8	250.4

Table D9: Bonds and Money Market Instruments

The table shows DMBs' liabilities for securities issued (net) and loans received from other domestic sectors, other banking institutions and other financial institutions.

Money market instruments (net) comprise DMBs' net liabilities for CNB bills, bills of exchange (issued and accepted) and other securities issued.

Bonds (net) comprise DMBs' net liabilities for kuna and foreign currency bonds issued, as well as issued subordinated and hybrid instru-

ments, excluding those purchased by foreign investors.

Other domestic borrowing comprises loans received, reported total and classified by institutional sectors.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Bonds and Money market instruments amounted to 9 million kuna. In July 1999, certain debt and hybrid instruments were reclassified from Time and notice deposits to Bonds (net). The amount reclassified was 3,513.5 million kuna.

Table D10: Deposit Money Banks' Foreign Liabilities

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.*	Oct.
1. Foreign liabilities in f/c	13,540.1	15,878.2	17,066.0	17,669.8	21,692.7	22,109.0	24,091.5	24,801.7	24,130.2	25,709.5	28,209.1
1.1. Liabilities to foreign banks	8,979.3	10,557.0	11,525.4	11,957.6	16,407.4	16,644.2	18,794.9	19,428.7	18,710.0	20,302.3	22,612.1
Demand deposits	300.9	242.3	157.1	176.3	147.1	113.2	314.3	107.1	93.8	93.7	110.1
Time and notice deposits	2,365.5	411.5	1,267.0	345.9	1,208.3	1,677.4	4,118.7	4,977.8	4,534.3	5,948.2	6,369.9
Loans and advances	6,313.0	9,903.2	10,101.2	11,435.4	15,052.1	14,853.6	14,361.8	14,343.8	14,081.9	14,260.4	16,132.1
1.2. Liabilities to foreign nonbanks	4,560.8	5,321.2	5,540.7	5,712.2	5,285.2	5,464.8	5,296.6	5,373.0	5,420.2	5,407.2	5,597.0
Savings and time deposits	2,056.8	2,892.6	2,545.9	2,868.1	3,777.8	3,977.1	3,887.9	3,975.3	4,028.1	4,018.0	4,180.3
Sight deposits	608.4	620.5	754.0	745.5	873.7	925.9	883.8	901.4	898.5	890.5	903.6
Time and notice deposits	1,448.4	2,272.1	1,791.9	2,122.6	2,904.1	3,051.2	3,004.2	3,073.9	3,129.7	3,127.5	3,276.7
Loans and advances	2,504.0	2,428.6	2,994.8	2,844.1	1,507.4	1,487.7	1,408.6	1,397.7	1,392.1	1,389.2	1,416.7
2. Foreign liabilities in kuna	266.9	298.6	143.1	140.0	165.1	1,035.1	764.2	1,003.2	261.1	202.7	406.9
2.1. Liabilities to foreign banks	187.1	156.3	65.0	37.0	46.9	949.4	675.5	912.1	178.7	134.3	280.8
Demand deposits	52.3	70.5	52.6	14.4	38.2	50.7	316.7	306.6	93.2	40.5	192.8
Time and notice deposits	128.4	85.8	11.7	22.0	4.2	880.4	7.4	83.7	76.3	83.3	83.3
Loans and advances	6.4	–	0.7	0.7	4.5	18.3	351.4	521.9	9.2	10.5	4.8
2.2. Liabilities to foreign nonbanks	79.9	142.3	78.1	103.0	118.2	85.7	88.6	91.1	82.4	68.4	126.1
Demand deposits	42.0	41.0	42.1	50.8	60.1	53.2	55.6	56.6	51.7	62.0	49.6
Time and notice deposits	33.1	96.1	35.9	52.2	58.1	32.5	33.1	34.4	30.7	6.4	76.5
Loans and advances	4.8	5.2	0.1	–	–	–	–	–	–	–	–
Total (1+2)	13,807.1	16,176.8	17,209.1	17,809.7	21,857.8	23,144.1	24,855.7	25,804.9	24,391.3	25,912.2	28,616.0

Table D10: Deposit Money Banks' Foreign Liabilities

The table shows DMBs' total foreign currency and kuna liabilities to foreign legal and natural persons, with the exception of restricted kuna and foreign currency deposits by foreign legal and natural persons.

DMBs' foreign liabilities comprise foreign currency liabilities and foreign kuna liabilities.

Within foreign kuna and foreign currency liabilities, liabilities to for-

ign banks are reported separately from liabilities to foreign nonbanks (total and by financial instruments). Within foreign liabilities in f/c, loans and advances also include issued subordinated and hybrid instruments purchased by foreign investors.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Foreign liabilities amounted to 1,024.6 million kuna.

Table D11: Central Government and Funds' Deposits with Deposit Money Banks

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec. ^a	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. In kuna	2,386.3	3,033.3	3,269.6	3,073.3	3,335.1	3,685.8	3,628.0	3,720.6	3,812.3	4,213.3	3,992.1
1.1. Central government deposits	82.1	130.1	330.9	430.0	295.9	583.0	540.3	528.3	554.1	527.3	631.7
Demand deposits	31.7	4.5	74.7	116.7	33.9	249.3	240.3	222.4	263.1	263.7	399.0
Savings deposits	–	–	15.9	26.1	41.6	33.3	0.4	0.3	0.3	3.3	3.3
Time and notice deposits	21.7	100.4	202.3	259.5	217.6	297.6	296.8	302.7	287.9	259.3	228.4
Loans and advances	28.7	25.2	38.1	27.7	2.8	2.9	2.8	2.9	2.8	1.0	1.1
1.2. Central government funds' deposits	2,304.2	2,903.2	2,938.8	2,643.3	3,039.2	3,102.8	3,087.7	3,192.3	3,258.2	3,686.1	3,360.4
Demand deposits	85.7	83.0	40.6	116.9	214.6	156.2	301.8	319.2	401.4	884.1	416.6
Savings deposits	–	–	4.5	15.2	10.8	7.6	0.0	0.1	0.1	0.0	0.0
Time and notice deposits	19.4	33.9	57.2	32.6	195.2	232.2	204.1	189.0	154.8	169.7	195.0
Loans and advances	2,199.1	2,786.4	2,836.5	2,478.6	2,618.6	2,706.7	2,581.8	2,684.0	2,702.0	2,632.2	2,748.7
2. In f/c	4,488.4	4,265.0	2,559.0	3,657.1	2,299.6	2,205.0	3,479.5	2,729.1	2,709.0	3,075.1	2,822.9
2.1. Central government deposits	4,483.7	4,249.5	2,497.6	3,622.6	2,275.0	2,146.8	3,406.8	2,635.6	2,602.6	2,967.3	2,715.2
Savings deposits	160.1	83.2	59.1	1,256.1	329.8	311.8	1,811.7	1,128.3	1,065.1	881.2	629.4
Time and notice deposits	0.1	0.1	10.5	27.0	55.8	52.6	50.9	51.6	88.3	633.8	609.9
Refinanced loans and advances	4,323.5	4,166.2	2,428.0	2,339.4	1,889.5	1,782.4	1,544.2	1,455.7	1,449.2	1,452.3	1,476.0
2.2. Central government funds' deposits	4.7	15.5	61.4	34.6	24.5	58.2	72.7	93.5	106.3	107.8	107.7
Savings deposits	4.7	8.0	55.2	25.0	22.9	56.9	71.3	93.5	92.6	104.3	104.1
Time and notice deposits	–	7.5	6.1	9.5	1.6	1.4	1.5	–	13.7	3.5	3.6
Total (1+2)	6,874.7	7,298.3	5,828.6	6,730.5	5,634.7	5,890.8	7,107.5	6,449.7	6,521.3	7,288.4	6,815.0

^a Refinanced loans and advances decreased by a one-off HRK 2,759.4m.

Table D11: Central Government and Funds' Deposits with Deposit Money Banks

The table reports total DMBs' kuna and foreign currency liabilities to the central government and funds, with the exception of restricted (kuna and foreign currency) deposits by the central government and funds with DMBs.

Kuna and foreign currency deposits by the Republic of Croatia and central government funds are shown separately. Kuna deposits com-

prise demand deposits, savings deposits, kuna time and notice deposits, and kuna loans obtained from the central government and funds. Foreign currency deposits comprise foreign currency sight deposits, as well as savings deposits, foreign currency time and notice deposits.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Central government and funds deposits with those banks amounted to 193.5 million kuna.

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

End of period, million kuna

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Restricted deposits	1,199.4	700.6	691.4	854.4	830.6	1,212.7	1,479.1	1,325.5	1,316.1	1,510.2	1,437.2
1.1. In kuna	260.9	202.5	81.8	131.6	100.3	393.7	791.5	701.6	706.5	772.0	738.2
1.2. In f/c	938.5	498.0	609.7	722.8	730.3	819.0	687.6	623.9	609.6	738.2	699.0
2. Blocked f/c deposits	4,652.9	3,495.5	2,742.7	1,695.1	770.2	538.6	474.0	388.5	372.1	363.3	335.0
2.1. Central government	69.9	74.0	–	–	–	–	–	–	–	–	–
2.2. Enterprises	9.1	2.4	–	–	–	–	–	–	–	–	–
2.3. Households	4,573.8	3,419.1	2,742.7	1,695.1	770.2	538.6	474.0	388.5	372.1	363.3	335.0
Total (1+2)	5,852.3	4,196.0	3,434.2	2,549.6	1,600.8	1,751.3	1,953.1	1,714.0	1,688.2	1,873.5	1,772.3

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

The table shows restricted and blocked deposits by the central government and funds, other domestic sectors, other banking institutions, other financial institutions and foreign legal and natural persons with DMBs.

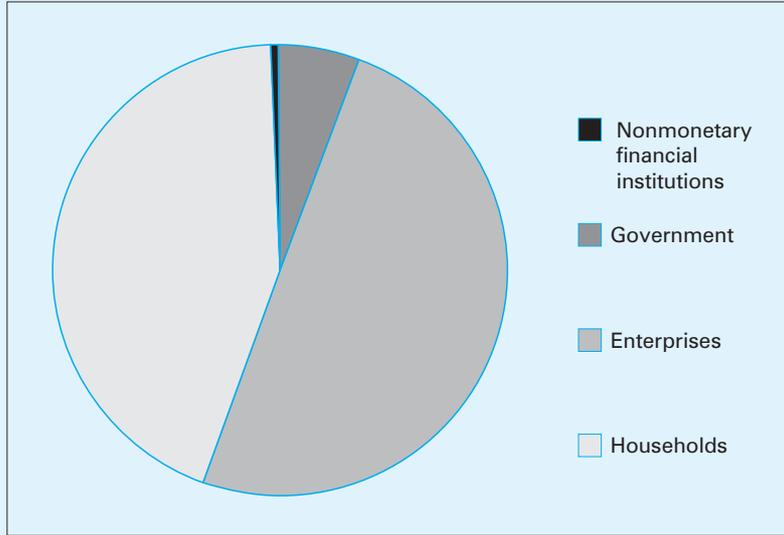
Restricted and blocked deposits include two categories of deposits: restricted (kuna and foreign currency) deposits and blocked foreign currency deposits.

Blocked foreign currency deposits include households' foreign currency deposits regulated by the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Restricted and blocked deposits with those banks amounted to 39.9 million kuna. In July 1999, data on blocked deposits of the central government and of enterprises were revised.

Figure D1

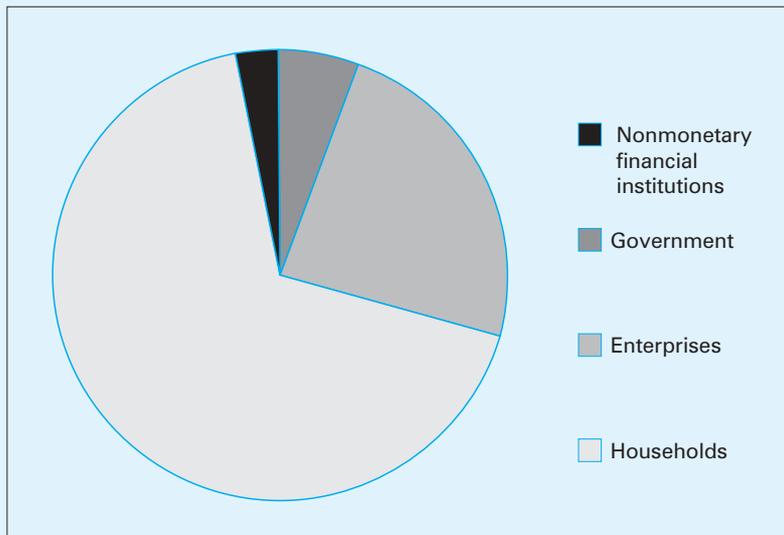
**DISTRIBUTION OF DEPOSIT MONEY BANKS' LOANS
BY DOMESTIC INSTITUTIONAL SECTORS**



October 2002

Figure D2

**DISTRIBUTION OF DEPOSIT MONEY BANKS' DEPOSITS
BY DOMESTIC INSTITUTIONAL SECTORS**



October 2002

Note:
Sector "Government" includes the central government and funds and local government and funds.
Sector "Nonmonetary financial institutions" includes other banking institutions and other financial institutions.

Table E1: Housing Savings Banks' Accounts

End of Period, million kuna

	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
ASSETS										
1. Reserves with the CNB	2.4	8.6	7.6	15.5	4.0	3.6	8.5	10.9	18.3	7.0
2. Claims on central government and funds	49.7	81.4	497.6	1,208.8	1,310.3	1,359.4	1,405.4	1,507.8	1,569.3	1,656.5
3. Claims on other domestic sectors	–	5.3	1.1	11.6	25.0	46.7	58.6	66.3	72.3	80.6
o/w: Claims on households	–	–	0.6	11.6	25.0	46.7	58.6	66.3	72.3	80.6
4. Claims on banks	54.2	57.0	7.6	18.1	15.1	13.3	11.1	37.1	7.3	16.1
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	106.3	152.3	513.8	1,254.0	1,354.5	1,423.1	1,483.6	1,622.1	1,667.3	1,760.2
LIABILITIES										
1. Time deposits	8.7	87.6	437.8	1,137.5	1,253.8	1,350.7	1,406.6	1,531.0	1,573.6	1,665.8
2. Bonds and money market instruments	0.4	–	10.0	10.0	10.0	10.0	–	–	–	–
3. Capital accounts	108.3	117.4	112.5	124.0	120.3	91.5	110.1	113.1	117.1	120.2
4. Other items (net)	–11.0	–52.7	–46.5	–17.5	–29.7	–29.1	–33.1	–22.0	–23.4	–25.8
Total (1+2+3+4)	106.3	152.3	513.8	1,254.0	1,354.5	1,423.1	1,483.6	1,622.1	1,667.3	1,760.2

Table E1: Housing Savings Banks' Accounts

Housing savings banks' accounts include data on claims and liabilities of the Croatian housing savings banks. All housing savings banks' claims and liabilities refer exclusively to domestic sectors.

Housing savings banks' required reserves held at the central bank include kuna vault cash and kuna funds held in accounts at the central bank.

Claims on central government and funds are claims in kuna on the Republic of Croatia and central government funds.

Claims on other domestic sectors include kuna loans to local government and households.

Claims on banks include loans extended to banks, as well as depos-

its with banks.

Claims on other banking institutions include investments in investment funds.

Item Time deposits includes local government and households' time deposits.

Bonds and money market instruments are housing savings banks' liabilities for securities issued (net) and loans obtained.

Capital accounts include share capital, profit or loss for the current year, retained profit (loss), required reserves, reserves provided for by the articles of association, other capital reserves and provisions for identified and unidentified losses.

Other items (net) are unclassified liabilities decreased by unclassified assets.

Table F1: Credit Rates of the Croatian National Bank

In percentage, on annual basis

Year	Month	CNB discount rate	Credit rates						
			On lombard credits	On intervention credits	On intra-day refinancing facility	On short-term liquidity credits	On advances on the account of statutory reserves	On inaccurately calculated statutory reserves	On arrears
1	2	3	4	5	6	7	8	9	10
1992	December	1,889.39	2,840.09	–	6,881.51	–	4,191.93	6,881.51	4,191.93
1993	December	34.49	46.78	–	289.60	–	101.22	289.60	166.17
1994	December	8.50	18.00	19.00	17.00	14.00	–	19.00	22.00
1995	December	8.50	25.49	19.00	17.00	–	–	19.00	22.00
1996	December	6.50	11.00	19.00	17.00	–	–	19.00	18.00
1997	December	5.90	9.50	19.00	17.00	–	–	19.00	18.00
1998	December	5.90	12.00	19.00	7.00	14.00	–	19.00	18.00
1999	December	7.90	13.00	19.00	–	14.00	–	19.00	18.00
2000	December	5.90	12.00	18.00	–	13.00	–	18.00	18.00
2001	July	5.90	9.50	18.00	–	10.50	–	18.00	18.00
	August	5.90	9.50	–	–	10.50	–	18.00	18.00
	September	5.90	10.50 ^a	–	–	11.50	–	18.00	18.00
	October	5.90	10.50	–	–	11.50	–	18.00	18.00
	November	5.90	10.00 ^b	–	–	11.00	–	15.00 ^b	18.00
	December	5.90	10.00	–	–	11.00	–	15.00	18.00
2002	January	5.90	10.00	–	–	11.00	–	15.00	18.00
	February	5.90	10.00	–	–	11.00	–	15.00	18.00
	March	5.90	10.00	–	–	11.00	–	15.00	18.00
	April	5.90	9.50 ^c	–	–	10.50	–	15.00	18.00
	May	5.90	9.50	–	–	10.50	–	15.00	18.00
	June	5.90	9.50	–	–	10.50	–	15.00	18.00
	July	5.90	9.50	–	–	10.50	–	15.00	15.00
	August	5.90	9.50	–	–	10.50	–	15.00	15.00
	September	5.90	9.50	–	–	10.50	–	15.00	15.00
	October	4.50 ^d	9.50	–	–	10.50	–	15.00	15.00

^a Since 15 September 2001. ^b Since 22 November 2001. ^c Since 24 April 2002. ^d Since 23 October 2002.

Table F1: Credit Rates of the Croatian National Bank

The table shows interest rates used by the CNB to calculate and charge interest on loans and on all other claims.

Credit rates of the CNB are being set by special decisions of the Council of the Croatian National Bank, on annual basis. Exceptionally, from June 1995 to September 11, 1996 interest rate charged by the CNB on lombard credits was 1.5 percentage point higher than the weighted average interest rate on CNB bills on a voluntary basis (which serve as collateral for lombard credits) in cases when the weighted average interest rate was higher than 16.5%. Congruently, from June 1995 to August 1996 the table reports weighted average interest rate on lombard credits. Interest rate in September 1996 is calculated as the weighted average of interest rate applied in the first 10 days of September 1996 (according to the regime mentioned above) and fixed interest rate applied since September 11, 1996.

Time series presented in the table contain certain breaks, due to changes in CNB's monetary policy instruments. Consequently, until November 1994, column 4 shows interest rates on regular credits for maintenance of day-to-day liquidity, which were granted based on securities portfolio, and from December 1994 onwards, interest rates on lombard credits.

Furthermore, data shown in column 6 refer, until September 1994, to interest rates on special credits for savings deposits' payments and for payments from households' current accounts, and from October 1994 until September 1997 to interest rates on daily credits for savings deposits and households' current accounts in kuna. Daily credits, as opposed to special credits, are paid back on the same day. In October 1997, this instrument was replaced by daily credits for overcoming

short-term liquidity problems that are collateralized by CNB bills. Since December 1998 until April 1999, this credit is incorporated in lombard credit, applying different interest rate for its usage within one day.

Data shown in column 7 refer, until December 1994, to interest rate on initial credits, and since March 18, 1998, to credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures and since February 1999, to interest rates on short-term liquidity credits. Since December 1999, data show interest rates on short-term liquidity credit with a maturity over 3 months which is 1 percentage point higher than interest rate on lombard credits. Interest rate on short-term liquidity credit up to 3 months is 0.5 percentage point higher than interest rate on lombard credits.

Interest rates reported in column 8 refer to the use of statutory reserves, which was being used by banks (in prescribed percentage) to maintain day-to-day liquidity until September 1994. Interest rates paid until September 1994 on the use of statutory reserve funds in amount above prescribed and/or for longer period than allowed are shown in column 9. Since October 1994, interest rates paid on the use of statutory reserve funds are the same as those used for any other failure to fulfill financial obligations, in accordance with the late interest regulations (shown in column 10).

Until June 1994, the same interest rate was applied to funds used above amounts available on giro accounts and to inaccurately calculated or under-appropriated statutory reserves (reported in column 9). From July to September 1994, interest rate applied to the use of those funds from the primary issue was 21%, and since October 1994, the same interest rates have been applied as for other failures to fulfill financial obligations, shown in column 10.

Table F2: Deposit Rates of the Croatian National Bank

In percentage, on annual basis

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis				Interest rates on f/c CNB bills on a voluntary basis				
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 35 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days
1	2	3	4	5	6	7	8	9	10	11	12	13
1992	December	367.60	556.66	1,057.67	1,889.39	–	–	–	–	–	–	–
1993	December	0.00	–	67.84	63.08	97.38	–	–	–	–	–	–
1994	December	5.15	–	9.00	12.00	14.00	–	–	–	–	–	–
1995	December	5.50	16.50	12.00	25.54	27.00	–	–	–	–	–	–
1996	December	5.50	–	–	8.00	9.50	–	–	–	–	–	–
1997	December	4.50	–	–	8.00	9.00	10.00	–	–	–	–	–
1998	December	5.90	–	–	9.50	10.50	11.00	–	4.60	3.12	3.08	–
1999	December	5.90	–	–	10.50	11.55	12.50	–	4.83	3.56	–	–
2000	December	4.50	–	–	6.65	7.00	7.70	–	5.51	4.83	–	–
2001	July	3.50 ^a	–	–	–	–	–	–	3.98	4.27	–	–
	August	3.50	–	–	4.06	4.80	5.34	–	3.91	4.12	–	–
	September	2.00 ^b	–	–	5.00	5.50	6.00	–	3.47	4.08	–	–
	October	2.00	–	–	4.99	5.92	6.16	–	3.05	3.09	–	–
	November	2.00	–	–	4.53	4.97	5.51	–	2.96	3.19	–	–
	December	2.00	–	–	3.36	4.26	4.85	–	2.62	3.06	–	–
2002	January	2.00	–	–	3.72	4.16	4.78	–	2.86	3.04	–	–
	February	2.00	–	–	3.41	4.05	4.37	–	2.53	3.10	–	–
	March	2.00	–	–	–	–	–	–	2.78	3.18	2.15	2.82
	April	1.75 ^c	–	–	3.03	3.79	4.35	–	2.50	3.09	–	3.29
	May	1.75	–	–	2.71	3.42	4.05	–	2.80	3.26	3.33	3.82
	June	1.75	–	–	2.24	2.76	3.39	1.92	2.67	3.06	3.41	–
	July	1.75	–	–	1.90	–	–	2.29	2.97	–	–	–
	August	1.75	–	–	1.97	–	–	2.36	3.05	–	–	–
	September	1.75	–	–	2.00	–	–	2.50	3.01	–	–	–
	October	1.75	–	–	2.03	–	–	2.52	2.85	–	–	–

^a Since 9 July 2001. ^b Since 15 September 2001. ^c Since 24 April 2002.

Table F2: Deposit Rates of the Croatian National Bank

The table shows interest rates paid by the CNB on funds deposited with the CNB as well as on securities issued.

Interest rates paid by the CNB for appropriated statutory reserve funds are being set by the Council of the CNB. Until 7 October 1993, the CNB was setting different exchange rates for statutory reserve funds based on savings and time deposits. Therefore, for that period the table reports the weighted average interest rate on appropriated statutory reserve funds (column 3). From October 8, 1993 until the end of February 1994, the CNB paid no interest on appropriated statutory reserve funds, and since March 1994, uniform rate has been applied to these funds.

Interest rates on CNB bills on an obligatory basis are set by a decision of the Council of the CNB.

Until October 1993, interest rates on CNB bills on a voluntary basis were also set by the Council of the CNB, while since November 1993, they have been set at CNB bills' auction sales. Congruently, since November 1993, columns 5, 6 and 7 report weighted average interest rates attained at auctions of CNB bills.

Until October 1994, interest rates on CNB bills on a voluntary basis due in 30 and 90 days are reported in columns 6 and 7, respectively. From November 1994 through January 2001, columns 7 and 9 report interest rates on CNB bills on a voluntary basis due in 91 and 182 days, respectively.

Since April 1998 columns 9 through 13 report weighted average interest rates on CNB bills on a voluntary basis in EUR and USD (until December 1998 in DEM and USD) attained at CNB bills' auctions as a weighted average of subscribed amounts in those two currencies.

Table F3: Deposit Money Banks' Reserve Requirements

Daily averages and percentages, million kuna and %

Year	Month	Reserve requirement (RR)	Weighted average RR in % of res. base	Statutory reserves deposited with the CNB	Statutory reserves deposited with the CNB in % of RR	Other deposits with the CNB on obligatory basis	Total reserve requirement	Total reserve requirement in % of res. base	Weighted avg. remuneration in % of total RR	Use of reserve requirements
1	2	3	4	5	6= $\frac{5}{3} \times 100$	7	8=3+7	9	10	11
1993	December	894.9	25.32	804.0	89.84	19.8	914.7	25.88	1.97	143.6
1994	December	1,826.0	26.20	1,779.2	97.44	188.3	2,014.3	28.90	5.63	3.5
1995	December	2,431.8	30.90	2,215.9	91.12	826.5	3,258.4	41.40	7.93	45.9
1996	December	3,652.9	35.91	3,312.0	90.67	–	3,652.9	35.91	4.99	0.1
1997	December	4,348.8	32.02	3,914.2	90.01	–	4,348.8	32.02	4.05	0.5
1998	December	3,967.2	29.57	3,469.8	87.46	57.4	4,024.7	30.00	5.28	9.6
1999	December	4,210.1	30.50	3,695.1	87.77	37.3	4,247.4	30.77	5.62	0.9
2000	December	4,646.8	24.17	4,191.6	90.21	5.0	4,651.8	24.20	4.05	1.1
2001	July	4,904.7	22.38	3,467.4	70.69	–	4,904.7	22.38	3.51	–
	August	4,944.5	22.00	3,486.5	70.51	–	4,944.5	22.00	3.32	–
	September	6,268.1	26.84	4,400.5	70.20	–	6,268.1	26.84	2.56	7.7
	October	8,137.3	34.94	5,779.4	71.02	–	8,137.3	34.94	1.94	3.9
	November	8,665.9	36.56	6,233.7	71.93	–	8,665.9	36.56	1.97	3.4
	December	8,691.5	35.37	6,287.8	72.34	–	8,691.5	35.37	1.97	2.3
2002	January	9,003.6	35.18	6,518.2	72.40	–	9,003.6	35.18	1.96	0.3
	February	9,431.5	36.09	6,810.9	72.21	–	9,431.5	36.09	1.93	–
	March	9,676.3	36.57	7,029.1	72.64	–	9,676.3	36.57	1.94	–
	April	9,720.5	35.90	7,113.7	73.18	–	9,720.5	35.90	1.91	–
	May	10,024.5	34.20	7,304.8	72.87	–	10,024.5	34.20	1.71	–
	June	10,225.7	33.46	7,393.2	72.30	–	10,225.7	33.46	1.73	–
	July	10,415.5	32.98	7,473.7	71.76	–	10,415.5	32.98	1.70	4.1
	August	10,599.9	32.78	7,578.3	71.49	–	10,599.9	32.78	1.71	1.4
	September	10,822.7	32.80	7,742.9	71.54	–	10,822.7	32.80	1.69	–
	October	11,056.5	32.78	7,908.7	71.53	–	11,056.5	32.78	1.68	–

Table F3: Deposit Money Banks' Reserve Requirements

This table shows data on monthly averages of day-to-day balances of DMBs' required reserves with the CNB. Savings banks are included beginning in July 1999, and the earlier data series has not been revised.

Reserve requirement (column 3) represents the prescribed amount of funds banks are required to deposit on a special statutory reserve account with the CNB, or to maintain (in average) on their settlement accounts or in vaults. This amount corresponds with the statutory reserve instrument of January 1995, while until December 1994 it comprised two instruments: statutory reserves and liquid assets requirement – LAR (except for the part in which banks were conforming to this requirement by registering CNB bills on a voluntary basis).

Column 4 shows the weighted average reserve requirement ratio as a percentage of the reserve requirement (column 3) in the reserve base. Starting from September 2001, column 3 includes also the f/c component of reserve requirements that is set aside/maintained in kuna.

Column 5 shows the portion of the reserve requirement banks are required to deposit on a special statutory reserves account with the CNB (until December 1994 this amount corresponded with the statutory reserves instrument, while since January 1995 a minimum percentage of the total reserve requirement banks are required to deposit on a special statutory reserves account with the CNB has been prescribed). This percentage currently stands at 40%.

Column 6 shows the percentage of the statutory reserves deposited with the CNB in the total reserve requirement.

Column 7 shows the total amount of other obligatory deposits with the CNB, including CNB bills on an obligatory basis, those CNB bills on a voluntary basis used by banks to maintain the prescribed minimal liquidity (LAR), special statutory reserves (until July 1995) and statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees and f/c credits from foreign banks.

Column 8 shows the total reserve requirement as a sum of reserve requirement and other deposits with the CNB on an obligatory basis. Column 9 shows the percentage of total reserve requirement in the reserve base.

Column 10 shows the weighted average remuneration rate for all forms of immobilized funds (i.e. for all components of total reserve requirement).

Column 11 shows the use of required reserves, which includes use of appropriated statutory reserve funds (authorized and unauthorized), inaccurately calculated statutory reserves, non-maintenance of the prescribed minimal liquidity, i.e. (since January 1995) non-maintenance of the minimal average settlement account and vault balance (determined in accordance with the calculation of statutory reserves), unregistered amount of the CNB bills on an obligatory basis and inaccurately calculated special statutory reserves (until July 1995) and inaccurately calculated statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees and f/c credits from foreign banks.

Table F4: Deposit Money Banks' Liquidity Indicators

Daily averages and percentages, million kuna and %

Year	Month	Free Reserves	Primary liquidity ratio (in %)	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills
1	2	3	4	5	6	7
1993	December	-18.5	-0.52	188.0	1.9	-
1994	December	119.5	1.72	393.7	210.2	-
1995	December	49.4	0.63	199.4	218.7	-
1996	December	267.9	2.63	98.5	780.9	-
1997	December	396.3	2.92	32.7	728.9	-
1998	December	221.9	1.65	445.5	850.4	1,377.4
1999	December	179.6	1.30	1,183.6	1,348.7	1,507.6
2000	December	638.8	3.32	80.1	2,496.0	1,692.7
2001	July	1,245.2	5.68	6.6	2,787.9	1,013.8
	August	540.7	2.41	388.4	4,105.9	1,177.1
	September	271.8	1.16	353.6	2,580.3	2,449.9
	October	343.4	1.47	3.3	2,052.8	3,509.7
	November	647.5	2.73	2.5	2,023.8	3,143.0
	December	794.4	3.23	2.6	2,656.2	2,630.8
2002	January	586.2	2.29	1.0	3,252.8	3,084.0
	February	272.0	1.04	51.9	3,087.7	3,025.9
	March	910.1	3.44	241.8	3,275.8	2,296.0
	April	2,120.0	7.83	134.0	2,816.8	1,982.9
	May	2,146.2	7.32	0.4	3,179.1	1,878.6
	June	2,010.0	6.58	0.4	3,910.6	1,846.1
	July	1,106.9	3.50	8.4	4,726.2	1,757.5
	August	916.2	2.83	0.6	4,766.4	1,704.2
	September	611.1	1.85	0.6	5,509.6	1,722.7
	October	558.4	1.66	0.6	5,417.9	1,596.0

Table F4: Deposit Money Banks' Liquidity Indicators

The table reports monthly averages of day-to-day balances of some indicators of DMBs' liquidity. Savings banks are included beginning in July 1999. The earlier data series has not been revised.

Column 3 shows free reserves, defined as bank's total reserves (on settlement accounts and in vaults) decreased by the minimal average settlement account and vault balance, as prescribed by instruments of the CNB (until December 1994 by the requirement for banks' minimal liquidity, and since January 1995 by statutory reserve requirement).

Column 4 shows the primary liquidity ratio as a percentage of monthly day-to-day free reserves averages in monthly day-to-day averages of deposits which constitute the reserve base.

Column 5 shows the monthly average of day-to-day balances of secondary liquidity sources used. Secondary liquidity sources com-

prise: use of statutory reserves (until October 1994), regular loans for maintenance of day-to-day liquidity (until November 1994), use of funds exceeding those available on the bank's giro account (until October 1994), special credits for overcoming liquidity problems (initial credits, credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures), lombard credits (since December 1994), intervention credits for overcoming liquidity problems (since October 1994), short-term liquidity credits (since February 1999) as well as overdue liabilities to the CNB.

Column 6 reports the monthly average of day-to-day balances of CNB bills on a voluntary basis in kuna (until December 1994, this amount is decreased by the portion of voluntarily registered CNB bills used by banks to maintain the prescribed minimal liquidity).

Column 7 reports the monthly average of day-to-day balances on CNB bills on a voluntary basis in foreign currency (EUR and USD).

Table G1: Deposit Money Banks' Interest Rates on Kuna Credits Not Indexed to Foreign Currency

Weighted averages of monthly interest rates, in % on annual basis

Year	Month	Money market interest rates			Interest rates on kuna credits not indexed to foreign currency								
		On daily market	On overnight market	Total average	On short-term credits						On long-term credits		
					Total average	Enterprises	Households			Total average	Enterprises	Households	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1992	December	2,182.26	2,182.26	2,332.92	2,384.89	....	....	....	....	1,166.29	....	....
1993	December	86.90	34.49	59.00	59.00	....	....	....	....	78.97	....	....
1994	December	17.76	8.50	15.39	15.43	....	....	....	....	13.82	....	....
1995	December	27.15	27.26	22.32	22.56	22.23	23.81	23.75	25.58	13.48	13.39	14.38	
1996	December	10.41	9.66	18.46	19.35	19.18	20.18	19.90	23.12	11.51	11.29	14.28	
1997	December	9.41	8.46	14.06	14.12	13.17	19.26	19.34	18.11	13.24	12.98	13.75	
1998	December	15.81	10.00	16.06	16.22	14.89	20.77	20.80	19.92	11.73	11.48	13.16	
1999	December	12.72	10.00	13.54	13.52	10.55	20.83	20.84	20.39	15.14	15.31	14.16	
2000	December	4.46	2.39	10.45	10.45	6.81	20.30	20.33	19.05	9.90	9.64	12.97	
2001	July	3.04	3.55	9.39	9.33	5.57	19.41	19.43	16.05	11.70	9.62	12.11	
	August	4.04	3.88	9.27	9.25	6.65	19.44	19.45	17.02	11.17	8.59	12.21	
	September	5.38	4.75	9.46	9.44	6.69	19.45	19.47	17.32	11.26	9.15	12.66	
	October	4.81	4.04	8.53	8.52	5.64	18.94	18.96	16.14	12.06	10.78	13.48	
	November	2.99	4.08	9.56	9.54	5.35	18.88	18.90	16.28	12.64	11.45	13.30	
	December	2.67	3.56	9.51	9.49	5.43	18.81	18.85	14.88	11.42	10.06	13.14	
2002	January	1.88	1.62	15.28	15.30	9.69	18.98	19.04	10.97	13.69	10.57	14.41	
	February	2.18	2.31	14.57	14.66	9.36	18.16	18.23	11.33	11.20	8.69	12.70	
	March	2.38	3.08	13.73	13.84	8.86	17.32	17.47	11.08	11.89	7.24	12.38	
	April	2.54	3.15	13.70	13.95	8.78	17.22	17.34	11.68	10.68	7.08	12.39	
	May	1.99	3.10	13.74	13.85	8.82	17.15	17.25	10.67	10.85	6.60	12.43	
	June	1.70	1.93	13.07	13.24	8.42	17.08	17.20	11.16	9.23	6.35	12.15	
	July	1.00	1.19	12.14	12.28	8.16	15.46	17.07	5.58	9.55	6.84	11.20	
	August	1.07	1.00	12.62	12.84	7.85	16.97	17.12	9.34	8.12	7.34	11.02	
	September	1.67	1.39	12.08	12.48	7.69	16.83	16.91	10.61	6.99	6.21	11.29	
	October	1.34	1.79	12.84	13.02	8.02	16.85	16.94	10.76	8.36	6.75	11.37	
Relative significance ^a		–	–	42.33	40.72	17.66	23.05	22.73	0.32	1.61	1.05	0.56	

^a Relative significance is calculated as a percentage of corresponding credit category in total credits disbursed in the reporting month (according to data for the last period included in the table).

Note: A break in the time series occurred due to changes in the methodology used in interest rate statistics as of 1 January 2001. This especially refers to interest rates shown in columns 5, 6 and 7. Interbank credits, which bear relatively low interest rates, were, among others, excluded from short-term credits to enterprises. The increase in interest rates was also caused by the weighting method: all categories are weighted by the amounts of newly-granted credits, except credit lines whose relative share grew in the new coverage, which are weighted by book balances.

Table G1: Deposit Money Banks' Interest Rates on Kuna Credits Not Indexed to Foreign Currency

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna credits not indexed to f/c, reported on a yearly basis.

Up to December 2001, data refer to weighted averages of DMBs' monthly interest rates on kuna credits not indexed to f/c granted to legal persons (which included enterprises, the public sector, financial institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

Starting from January 2002, data refer to weighted averages of DMBs' and savings banks' monthly interest rates on kuna credits not indexed to f/c granted only to enterprises (public and other) and households, reported on a yearly basis.

Columns 3 and 4 show interest rates on the interbank, daily and overnight money markets, according to information published by the

Zagreb Money Market. Columns 5 through 13 show weighted averages of DMBs' and savings banks' monthly interest rates classified by maturity and sectors. Interest rates on short-term credits to enterprises also include interest rates on callable loans.

Data on DMBs' and savings banks' interest rates on kuna credits not indexed to f/c are based on DMBs' and savings banks' periodic reports. The basis for calculation of weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reporting month, with the exception of interest rates on giro and current account credit lines, for which weighted averages were calculated based on the balance of these loans at the end of the reporting month.

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding credit category (to which exchange rates apply) in total credits included in the calculation of weighted averages for that period.

Table G2: Deposit Money Banks' Interest Rates on Kuna Credits Indexed to Foreign Currency and on Credits in Euros

Weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros		
		Total average	On short-term credits			On long-term credits					Total average	On short-term credits	On long-term credits
			Total average	Enterprises	Households	Total average	Enterprises	Households		Other			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1992	December	20.41	9.90	....	....	21.41	....	....	....	....	....	....	....
1993	December	21.84	19.00	....	....	23.14	....	....	....	....	....	....	....
1994	December	11.99	12.38	....	....	11.65	....	....	....	....	....	....	....
1995	December	19.56	21.62	21.09	18.10	14.33	15.79	10.48	....	....	17.18	19.06	12.27
1996	December	18.97	22.56	22.40	27.00	12.12	13.15	11.30	....	....	19.50	21.46	10.77
1997	December	14.40	16.92	17.00	14.02	12.25	13.00	11.02	....	....	13.61	14.95	9.71
1998	December	13.04	14.28	14.25	13.64	11.15	10.55	12.12	....	....	6.95	8.37	5.71
1999	December	12.53	13.66	13.54	17.21	10.81	10.46	11.65	....	....	6.75	7.43	6.07
2000	December	10.74	11.17	11.10	13.59	10.52	9.41	11.64	....	....	7.70	7.49	8.05
2001	July	9.31	9.27	9.17	10.19	9.34	7.96	10.87	....	....	6.50	7.01	6.08
	August	9.64	9.76	9.66	11.13	9.56	7.98	10.85	....	....	6.51	6.05	8.54
	September	9.81	9.81	9.73	11.85	9.81	8.02	11.09	....	....	6.44	6.47	6.22
	October	9.37	9.24	9.61	7.56	9.45	7.71	10.97	....	....	5.93	5.65	6.27
	November	9.68	9.36	9.24	11.65	9.87	7.89	11.00	....	....	5.61	5.58	5.84
2002	January	9.29	9.45	9.45	11.30	9.20	7.52	10.79	....	....	5.94	5.70	7.27
2002	January	9.55	9.79	9.36	12.22	9.44	7.54	10.95	8.80	11.57	8.26	8.53	7.61
	February	9.28	9.76	9.37	11.21	9.12	7.29	10.21	8.54	10.61	7.76	7.58	8.36
	March	9.21	9.08	8.57	11.32	9.24	7.03	10.10	8.22	10.36	6.20	6.44	5.86
	April	8.19	9.08	8.42	11.69	8.01	6.56	9.81	7.95	10.16	6.38	6.62	6.05
	May	8.63	8.75	8.04	11.57	8.60	7.01	9.67	7.37	10.13	7.48	7.74	6.41
	June	8.21	8.25	7.57	11.66	8.20	7.14	8.83	7.55	9.06	6.71	6.65	6.89
	July	8.12	8.70	7.98	11.44	7.99	6.57	9.48	7.35	10.16	6.48	6.69	6.24
	August	7.99	8.70	7.95	11.52	7.83	6.61	9.40	7.37	10.14	6.55	6.48	6.61
	September	8.54	9.16	8.41	10.97	8.39	6.57	9.59	7.40	10.35	5.79	7.02	5.19
	October	8.04	8.67	7.89	11.39	7.91	6.42	9.51	7.38	10.27	6.18	7.00	5.51
Relative significance ^a		46.78	7.85	6.11	1.74	38.92	20.16	18.76	4.88	13.89	10.89	4.86	6.03

^a Relative significance is calculated as a percentage of corresponding credit category in total credits disbursed in the reporting month (according to data for the last period included in the table).

Table G2: Deposit Money Banks' Interest Rates on Kuna Credits Indexed to Foreign Currency and on Credits in Euros

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros, reported on a yearly basis.

Up to December 2001, data refer to weighted averages of DMBs' monthly interest rates on kuna credits indexed to f/c and on credits in euros (or German marks) granted to legal persons (which included enterprises, the public sector, financial institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

Starting from January 2002, data refer to weighted averages of DMBs' and savings banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros granted only to enterprises (public and other) and households, reported on a yearly basis.

Data on DMBs' and savings banks' interest rates on kuna credits indexed to f/c and on credits in euros are based on DMBs' and savings

banks' periodic reports. The basis for calculation of weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reporting month.

Columns 3 through 11 show weighted averages of DMBs' and savings banks' monthly interest rates classified by maturity and sectors. Interest rates on short-term credits to enterprises also include interest rates on callable loans.

Up to December 2001, interest rates on credits in euros (columns 12, 13 and 14) refer to credits released in German marks in the reporting month, and starting from January 2002, they refer to credits released in euros, while weighted averages are calculated based on their kuna equivalent using current exchange rate. Credits released in other currencies are not included in this table.

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding credit category (to which exchange rates apply) in total credits included in the calculation of weighted averages for that period.

Table G3: Deposit Money Banks' Interest Rates on Kuna Deposits Not Indexed to Foreign Currency

Weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on kuna deposits not indexed to foreign currency								
		Total average	In giro and current accounts	On time deposits						
				Total average	On short-term deposits			On long-term deposits		
					Total average	Households	Enterprises	Total average	Households	Enterprises
1	2	3	4	5	6	7	8	9	10	11
1992	December	434.47	184.69	1,867.18	....	....	....	....	....	....
1993	December	27.42	18.16	52.16	....	....	....	....	....	....
1994	December	5.03	3.55	9.65	....	....	....	....	....	....
1995	December	6.10	3.88	13.65	13.80	10.56	14.28	9.88	10.67	9.62
1996	December	4.15	2.19	10.19	10.11	9.84	10.26	12.36	15.49	9.88
1997	December	4.35	2.19	9.10	9.08	9.30	8.96	9.48	11.24	8.06
1998	December	4.11	2.31	7.73	7.63	9.47	7.15	10.19	10.72	9.56
1999	December	4.27	2.24	8.87	8.79	9.62	8.38	10.96	11.56	10.18
2000	December	3.40	1.64	7.20	7.13	7.44	7.03	8.89	9.19	8.63
2001	July	3.04	1.46	6.07	6.03	6.58	5.88	7.50	8.14	5.65
	August	3.11	1.49	6.28	6.21	6.40	6.13	8.13	8.64	7.13
	September	3.10	1.50	6.44	6.39	6.56	6.33	8.09	8.47	6.92
	October	3.06	1.43	6.24	6.19	6.46	6.09	7.57	8.02	7.11
	November	2.99	1.42	5.93	5.90	6.18	5.81	6.92	8.00	6.27
	December	2.76	1.40	5.68	5.60	6.35	5.38	7.35	7.93	6.70
2002	January	2.48	1.34	5.79	5.74	6.31	5.45	7.53	7.74	6.85
	February	2.32	1.25	5.47	5.41	5.93	5.01	7.20	7.59	5.73
	March	2.02	1.16	5.06	5.00	5.55	4.59	7.24	7.47	5.70
	April	1.94	1.18	4.58	4.56	5.62	3.80	5.15	7.12	3.06
	May	1.97	1.16	4.60	4.52	5.54	3.85	7.23	7.45	3.39
	June	1.91	1.16	4.51	4.45	5.48	3.36	6.51	7.37	2.66
	July	1.75	1.01	4.25	4.23	5.45	2.96	4.54	7.57	1.97
	August	1.77	1.00	4.04	3.97	5.45	3.07	6.20	7.57	3.72
	September	1.71	0.98	4.18	4.10	5.24	3.17	6.46	7.33	1.82
	October	1.67	0.95	3.75	3.68	5.22	2.61	6.09	7.21	2.26
Relative significance ^a		41.04	33.62	4.20	4.07	1.67	2.40	0.13	0.10	0.03

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table).

Table G3: Deposit Money Banks' Interest Rates on Kuna Deposits Not Indexed to Foreign Currency

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna deposits not indexed to f/c, reported on a yearly basis.

Up to December 2001, data refer to weighted averages of DMBs' monthly interest rates on kuna deposits not indexed to f/c received from legal persons (which included enterprises, the public sector, financial institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

Starting from January 2002, data refer to weighted averages of DMBs' and savings banks' monthly interest rates on kuna deposits not indexed to f/c received from enterprises (public and other) and households, reported on a yearly basis.

Data on DMBs' and savings banks' interest rates on kuna deposits not indexed to f/c are based on DMBs' and savings banks' periodic reports.

Column 3 reports weighted averages of monthly interest rates on total kuna deposits (giro and current accounts, household savings deposits and time deposits) not indexed to f/c. Column 4 shows weighted

averages of monthly interest rates on deposits in giro and current accounts not indexed to f/c received from enterprises (until December 2001, all legal persons) and households, and column 5 shows weighted averages of monthly interest rates on total time deposits not indexed to f/c.

The basis for calculation of weighted averages for kuna time deposits not indexed to f/c are the amounts of those deposits received during the reporting month. The basis for calculation of weighted averages for deposits in giro and current accounts are the end-of-month book balances of those deposits. Weighted averages of interest rates on total kuna deposits not indexed to f/c (column 3) are weighted by the end-of-month balances of all categories included in the calculation.

Kuna and foreign currency deposits used as collateral for credit are included, while restricted deposits (deposits used for payment of imports and other restricted deposits) are not included into the calculation of weighted averages.

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding deposit category (to which exchange rates apply) in total deposits included in the calculation of weighted averages for that period.

Table G4a: Deposit Money Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits

Weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on savings and time deposits indexed to f/c				Interest rates on foreign currency deposits				
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits				
						Total average	Households		Enterprises	
							EUR	USD	EUR	USD
1	2	3	4	5	6	7	8	9	10	11
1992	December	6.04	....	....	....	....	....	....	....	....
1993	December	5.91	....	....	....	....	....	....	....	....
1994	December	6.95	....	....	....	....	....	....	....	....
1995	December	12.69	11.46	19.36	4.57	2.82	3.53	4.20	1.10	1.53
1996	December	9.46	9.56	8.80	5.09	1.44	1.32	1.95	1.47	1.39
1997	December	7.63	7.24	11.77	4.77	1.75	1.89	2.43	0.83	1.40
1998	December	7.47	7.67	5.58	3.98	2.09	2.38	2.40	0.72	0.74
1999	December	6.62	6.91	1.10	4.23	1.80	1.95	2.04	0.78	1.30
2000	December	5.54	5.94	2.16	3.47	1.03	0.99	1.23	0.65	1.29
2001	July	5.29	5.71	2.97	2.93	0.77	0.75	0.87	0.70	0.72
	August	4.63	4.81	4.35	2.96	0.77	0.75	0.86	0.76	0.70
	September	4.98	5.37	3.84	2.83	0.76	0.75	0.86	0.84	0.56
	October	4.58	4.84	3.07	2.75	0.73	0.73	0.81	0.83	0.51
	November	4.40	4.61	3.50	2.59	0.70	0.73	0.81	0.71	0.33
	December	4.58	4.92	2.56	2.60	0.71	0.71	0.81	0.82	0.40
2002	January	2.99	3.77	1.58	2.72	0.67	0.67	0.70	0.74	0.38
	February	3.32	4.22	3.80	2.62	0.67	0.67	0.70	0.65	0.63
	March	2.89	4.58	6.04	2.62	0.60	0.60	0.64	0.61	0.40
	April	3.76	3.87	5.22	2.60	0.59	0.61	0.61	0.56	0.38
	May	2.78	4.15	3.58	2.57	0.61	0.60	0.58	0.83	0.49
	June	3.39	4.54	3.20	2.58	0.59	0.58	0.56	0.77	0.43
	July	3.59	4.11	3.66	2.59	0.58	0.57	0.52	0.79	0.38
	August	3.44	3.66	4.90	2.59	0.57	0.56	0.48	0.60	0.87
	September	3.39	4.03	3.53	2.56	0.53	0.54	0.43	0.69	0.41
	October	3.62 ^b	3.57	4.54	2.54	0.53	0.53	0.42	0.65	0.44
Relative significance ^a		1.19	0.69	0.10	57.77	37.31	26.40	5.01	4.73	1.17

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table). ^b Of the total amount of deposits to which this interest rate refers, 68.33 percent refers to enterprises.

Table G4 a and b: Deposit Money Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits, reported on a yearly basis.

Up to December 2001, data refer to weighted averages of DMBs' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits received from legal persons (which included enterprises, the public sector, financial institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

Starting from January 2002, data refer to weighted averages of DMBs' and savings banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits received from enterprises (public and other) and households, reported on a yearly basis.

Data on DMBs' and savings banks' interest rates on kuna deposits indexed to f/c and on foreign currency deposits are based on DMBs' and savings banks' periodic reports.

Column 3 reports weighted averages of monthly interest rates on total kuna savings and time deposits indexed to f/c received from enterprises (until December 2001, all legal persons) and households, whereas weighted averages of monthly interest rates on time deposits are shown in columns 4 (short-term deposits) and 5 (long-term deposits) respectively.

Up to December 2001, interest rates on foreign currency deposits

refer to deposits received in German marks or US dollars, and starting from January 2002, they refer to deposits received in euros and US dollars, while weighted averages are calculated based on their kuna equivalent using current exchange rate. Deposits received in other currencies are not included in this table.

The basis for calculation of weighted averages for kuna time deposits indexed to f/c and foreign currency time deposits are the amounts of those deposits received during the reporting month. The basis for calculation of weighted averages for savings deposits indexed to f/c are the end-of-month book balances of those deposits. Starting from January 2002, weighted averages of interest rates on total kuna deposits indexed to f/c (column 3) are weighted by the end-of-month balances of all categories included in the calculation.

The average interest rate on total foreign currency deposits (column 6) refers to the weighted average of monthly interest rates on savings and time deposits, which are weighted by the end-of-month balances of all categories included in the calculation.

The basis for calculation of weighted averages of monthly interest rates on total foreign currency savings deposits (column 7) are the end-of-month balances of those deposits.

The basis for calculation of weighted averages of monthly interest rates on total foreign currency time deposits (column 12) are the amounts of those deposits received during the reporting month. The same basis is applied in calculating weighted averages of monthly interest rates on total short-term foreign currency deposits (column 13) and on total long-term foreign currency deposits (column 18).

Table G4b: Deposit Money banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits

Weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										Total Average
		On short-term deposits					On long-term deposits					
		Total Average	Households		Enterprises		Total Average	Households		Enterprises		
EUR	USD		EUR	USD	EUR	USD		EUR	USD			
1	2	12	13	14	15	16	17	18	19	20	21	22
1992	December	....	....	....	....	....	....	....	....	....	....	....
1993	December	....	....	....	....	....	....	....	....	....	....	....
1994	December	....	....	....	....	....	....	....	....	....	....	....
1995	December	6.83	6.66	7.10	6.97	5.86	6.68	8.73	8.78	8.81	3.27	4.50
1996	December	7.77	6.95	5.65	6.21	9.86	5.47	12.24	7.71	7.97	19.92	1.50
1997	December	6.36	6.07	6.03	6.42	5.09	7.10	7.32	7.87	8.71	5.09	6.76
1998	December	4.89	4.49	5.42	6.16	2.84	5.37	7.29	7.68	8.59	4.93	6.92
1999	December	5.43	5.17	4.93	6.39	3.97	6.00	6.59	6.64	8.09	3.66	6.77
2000	December	4.57	4.36	3.65	5.15	4.59	6.62	5.56	5.17	6.61	5.97	8.53
2001	July	3.87	3.68	3.52	3.76	4.39	3.73	4.85	4.74	5.11	5.32	4.10
	August	3.94	3.72	3.50	3.76	4.46	3.71	4.98	4.87	5.28	6.21	0.72
	September	3.71	3.58	3.48	3.50	4.20	3.26	4.40	4.65	4.72	6.60	0.39
	October	3.61	3.45	3.46	3.36	3.88	2.85	4.64	4.64	4.80	5.92	2.41
	November	3.40	3.21	3.24	3.17	3.59	2.25	4.56	4.59	4.36	4.81	3.02
	December	3.54	3.35	3.42	3.23	3.60	2.44	4.59	4.72	4.42	4.58	0.23
2002	January	3.75	3.41	3.63	3.18	3.35	1.24	4.82	5.08	4.52	3.73	0.32
	February	3.39	3.22	3.35	2.88	3.33	1.92	4.73	4.95	4.38	3.51	2.75
	March	3.31	3.17	3.42	2.82	3.27	1.98	4.57	4.75	4.17	3.65	-
	April	3.31	3.17	3.33	2.76	3.36	1.91	4.51	4.72	4.20	3.50	6.46
	May	3.24	3.13	3.31	2.77	3.31	1.94	4.36	4.66	4.17	2.54	-
	June	3.17	3.07	3.34	2.74	3.24	1.75	4.56	4.73	4.21	3.51	0.76
	July	3.28	3.14	3.36	2.69	3.41	1.89	4.52	4.68	4.25	3.69	2.90
	August	3.33	3.14	3.40	2.63	3.27	1.84	4.66	4.84	4.03	3.62	0.00
	September	3.28	3.16	3.35	2.59	3.29	1.89	4.47	4.64	3.87	4.18	-
	October	3.19	3.07	3.30	2.29	3.21	1.84	4.41	4.57	3.86	3.50	3.68
Relative significance ^a		20.45	18.55	11.38	1.93	3.85	1.39	1.91	1.41	0.17	0.14	0.18

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table).

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding deposit category

(to which exchange rates apply) in total deposits included in the calculation of weighted averages for that period.

Table G5: Deposit Money Banks' Trade with Foreign Exchange

Million EUR, current exchange rate

	1997	1998	1999	2000	2001 ^a	2002						
						Mar.	Jun.	Jul.	Aug.	Sep. ^b	Oct. ^a	Nov. ^a
A. Purchase of foreign exchange												
1. Legal persons	2,506.4	3,186.0	2,924.9	3,316.4	5,012.4	706.0	573.9	653.7	495.9	551.2	733.1	591.6
2. Natural persons	2,093.4	2,273.5	2,170.0	2,549.2	3,339.9	241.0	275.5	424.5	361.2	251.3	282.1	234.3
2.1. Residents	1,695.5	1,854.5	1,794.7	2,021.1	2,684.5	226.6	223.2	305.0	232.9	204.2		
2.2. Non-residents	397.9	419.1	375.3	528.0	655.4	14.4	52.4	119.5	128.4	47.2		
3. Commercial banks	1,002.3	1,138.2	1,204.4	2,441.4	3,985.8	471.7	405.8	682.2	500.6	446.7	652.5	707.5
4. Croatian National Bank	57.1	582.2	934.8	168.2	481.7	73.9	–	–	–	–	79.8	–
Total (1+2+3+4)	5,659.1	7,179.9	7,234.0	8,475.2	12,820.1	1,492.7	1,255.2	1,760.4	1,357.7	1,249.3	1,747.5	1,533.4
B. Sale of foreign exchange												
1. Legal persons	4,513.7	4,656.0	4,487.0	5,414.8	8,534.2	785.6	860.3	1,150.8	1,021.3	1,044.2	1,014.5	906.9
2. Natural persons	925.9	1,011.8	893.1	963.6	1,253.5	93.3	78.0	134.2	140.2	107.1	113.7	116.6
2.1. Residents	925.2	1,011.5	892.7	962.8	1,252.3	93.2	77.7	133.5	139.3	106.5		
2.2. Non-residents	0.7	0.3	0.4	0.6	1.2	0.1	0.3	0.7	0.9	0.6		
3. Commercial banks	1,002.3	1,138.2	1,204.4	2,441.4	3,985.8	471.7	405.8	682.2	500.6	446.7	652.5	707.5
4. Croatian National Bank	257.8	217.0	48.3	284.2	915.7	237.9	173.1	–	47.2	–		
Total (1+2+3+4)	6,699.7	7,022.9	6,632.8	9,104.1	14,689.5	1,588.5	1,517.2	1,967.2	1,709.2	1,598.0	1,780.7	1,731.1
C. Net purchase (A-B)												
1. Legal persons	–2,007.4	–1,470.1	–1,562.1	–2,098.4	–3,521.9	–79.5	–286.4	–497.1	–525.4	–493.0	–281.4	–315.3
2. Natural persons	1,167.5	1,261.7	1,276.8	1,585.4	2,086.3	147.8	197.5	290.3	221.1	144.2	168.4	117.7
2.1. Residents	770.3	843.0	901.9	1,058.2	1,432.2	133.5	145.5	171.5	93.6	97.7		
2.2. Non-residents	397.3	418.7	374.9	527.3	654.2	14.3	52.0	118.8	127.5	46.6		
3. Croatian National Bank	–200.7	365.2	886.5	–116.0	–434.0	–164.0	–173.1	–	–47.2	–	79.8	–
Total (1+2+3)	–1,040.6	156.8	601.2	–628.9	–1,869.6	–95.7	–262.0	–206.8	–304.3	–348.7	–33.2	–197.6
Memo items: Other Croatian National Bank transactions												
Purchase of foreign exchange	78.5	254.5	1,044.9	405.8	536.8	–	–	–	–	–	60.0	
Sale of foreign exchange	8.4	279.5	100.4	86.9	2.6	–	1.3	–	–	–	1.4	

^a Preliminary data. ^b Revised data.

Table G5: Deposit Money Banks' Trade with Foreign Exchange

Data on trade with foreign exchange between DMBs comprise transactions of purchase and sale of foreign exchange on domestic foreign currency market. The transactions are classified by categories of participants (legal and natural persons, banks, CNB). Source of data are

DMBs' periodic reports on trading with foreign exchange, sent to the CNB on a regular basis. The amounts are stated in the euro (EUR), converted from other foreign currencies using the CNB's midpoint exchange rate (reporting period average). Other Croatian National Bank transactions include foreign exchange sales and purchases on behalf of the Ministry of Finance.

Table H1: Balance of Payments – Summary (revised data)

Million US dollars

	1997	1998	1999	2000	2001	2001				2002	
						Q1	Q2	Q3	Q4	Q1	Q2 ^a
A. CURRENT ACCOUNT (1+6)	-2,512.1	-1,452.8	-1,397.8	-438.9	-616.8	-617.1	-798.1	1,215.0	-416.6	-821.3	-637.6
1. Goods, services, and income (2+5)	-3,381.5	-2,158.8	-2,030.2	-1,322.1	-1,582.5	-839.7	-1,052.2	976.9	-667.5	-1,061.5	-901.1
1.1. Credit	8,389.0	8,939.6	8,365.1	8,994.5	10,028.6	1,787.6	2,179.6	3,929.6	2,131.8	1,753.5	2,499.4
1.2. Debit	-11,770.5	-11,098.4	-10,395.3	-10,316.6	-11,611.1	-2,627.3	-3,231.9	-2,952.6	-2,799.3	-2,815.0	-3,400.5
2. Goods and services (3+4)	-3,359.0	-1,994.8	-1,673.4	-935.9	-1,045.4	-692.5	-797.0	1,080.9	-636.7	-843.5	-751.3
2.1. Credit	8,025.2	8,544.7	8,117.8	8,663.1	9,631.8	1,689.8	2,085.9	3,795.8	2,060.3	1,649.8	2,389.4
2.2. Debit	-11,384.2	-10,539.5	-9,791.1	-9,598.9	-10,677.2	-2,382.3	-2,882.9	-2,714.9	-2,697.0	-2,493.2	-3,140.7
3. Goods	-5,383.2	-4,071.5	-3,298.6	-3,203.8	-3,978.6	-808.3	-1,251.3	-974.6	-944.4	-979.8	-1,315.6
3.1. Credit	4,020.9	4,580.6	4,394.7	4,567.2	4,758.7	1,111.4	1,164.1	1,221.2	1,262.0	1,048.7	1,238.6
3.2. Debit	-9,404.2	-8,652.0	-7,693.3	-7,770.9	-8,737.2	-1,919.7	-2,415.4	-2,195.7	-2,206.4	-2,028.5	-2,554.2
4. Services	2,024.2	2,076.7	1,625.2	2,267.9	2,933.1	115.8	454.3	2,055.4	307.6	136.3	564.3
4.1. Credit	4,004.3	3,964.1	3,723.0	4,095.9	4,873.1	578.4	921.8	2,574.6	798.3	601.0	1,150.8
4.2. Debit	-1,980.1	-1,887.4	-2,097.8	-1,828.0	-1,940.0	-462.6	-467.5	-519.2	-490.7	-464.7	-586.5
5. Income	-22.4	-164.0	-356.8	-386.2	-537.0	-147.2	-255.2	-103.9	-30.7	-218.0	-149.8
5.1. Credit	363.8	394.9	247.3	331.4	396.8	97.8	93.8	133.8	71.5	103.8	110.0
5.2. Debit	-386.2	-558.9	-604.2	-717.6	-933.9	-245.0	-349.0	-237.8	-102.2	-321.8	-259.8
6. Current transfers	869.4	706.0	632.5	883.2	965.7	222.6	254.1	238.1	250.9	240.2	263.5
6.1. Credit	964.0	919.1	967.4	1,101.0	1,174.5	269.4	297.9	289.7	317.6	301.9	334.3
6.2. Debit	-94.6	-213.1	-335.0	-217.8	-208.8	-46.8	-43.8	-51.6	-66.7	-61.7	-70.8
B. CAPITAL AND FINANCIAL ACCOUNT	2,651.6	1,469.0	2,372.7	1,203.2	1,159.6	315.8	765.1	-221.9	300.6	1,165.7	1,289.3
B1. Capital account	21.5	19.1	24.9	20.9	133.0	3.4	119.3	4.4	5.9	5.6	7.8
B2. Financial account, excl. reserves	3,058.2	1,601.5	2,726.3	1,764.5	2,339.6	452.5	1,032.5	187.7	666.9	1,389.7	1,538.4
1. Direct investment	346.7	834.9	1,413.3	1,077.2	1,367.8	175.3	263.0	331.2	598.3	216.0	277.8
1.1. Abroad	-186.1	-97.5	-44.8	0.2	-144.1	41.5	16.1	-156.3	-45.4	-4.7	-31.3
1.2. In Croatia	532.9	932.4	1,458.1	1,077.0	1,511.8	133.7	246.9	487.5	643.7	220.7	309.1
2. Portfolio investment	577.0	14.9	570.2	722.2	716.0	575.9	26.7	174.8	-61.4	-11.4	329.9
2.1. Assets	11.1	-0.1	-0.3	-0.2	-6.3	0.0	3.2	36.0	-45.4	-51.5	19.4
2.2. Liabilities	565.9	15.1	570.5	722.3	722.3	576.0	23.5	138.8	-16.0	40.0	310.5
3. Other investment	2,134.4	751.7	742.7	-34.9	255.8	-298.7	742.8	-318.3	130.0	1,185.1	930.7
3.1. Assets	171.3	348.8	-117.7	-847.5	311.0	84.3	248.3	-517.4	496.0	1,016.6	270.2
3.2. Liabilities	1,963.2	402.9	860.5	812.6	-55.2	-383.0	494.6	199.2	-366.0	168.5	660.4
B3. Reserve assets (CNB)	-428.0	-151.5	-378.5	-582.1	-1,313.1	-140.0	-386.8	-414.1	-372.2	-229.5	-256.9
C. NET ERRORS AND OMISSIONS	-139.5	-16.2	-974.9	-764.4	-542.8	301.3	33.0	-993.1	116.0	-344.4	-651.7

^a Preliminary data.

Table H1-H5: Balance of Payments

The balance of payments is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: reports of the Central Bureau of Statistics, the Croatian Institute for Health Insurance, the Institute for Payment Transactions, banks, enterprises and the Croatian National Bank, as well as research by the Institute for Tourism and the Croatian National Bank.

Balance of payments of the Republic of Croatia data are recorded in US dollars (USD) and domestic currency (HRK). The balance of payments in both reporting currencies is compiled using the same sources of information and the same principles regarding the scope of transactions covered and the procedures for composing particular positions. Depending on the sources of data available, conversion of transaction values from the original currencies into reporting currencies is performed:

- by applying the midpoint exchange rate of the Croatian National Bank on the date of the transaction;
- by applying monthly and quarterly average midpoint exchange rates of the Croatian National Bank;
- by applying the average monthly exchange rate versus the US dollar when assessing transactions representing the difference between balances evaluated according to the exchange rate applicable at the end of the period.

Exports and Imports are shown on an f.o.b. basis. The basic data source for these items is the Report of the Central Bureau of Statistics on merchandise foreign trade of the Republic of Croatia. The data of the Central Bureau of Statistics are modified in accordance with the compilation method of the IMF: merchandise imports, which are shown in the Central Bureau of Statistics' report in c.i.f. terms, are corrected to f.o.b. (corrected for classification) and both imports and exports are corrected so that the coverage includes goods defined as such in the balance of payments methodology but not included in the statistics on merchandise trade.

Regarding exports, beginning with the first quarter of 1999, coverage has been increased via estimates on purchases by individual foreign travelers in the Republic of Croatia. These estimates are based on the Survey on Consumption of Foreign Travelers in Croatia, carried out jointly by the Croatian National Bank and the Institute for Tourism. Regarding imports, the difference between c.i.f. and f.o.b. is estimated on the basis of research studies of the CNB on samples of the largest and large importers, and the resulting value of f.o.b. imports is adjusted on the basis of foreign payments for repairs of ships and supply purchases in foreign ports, as well as estimates on purchases by individual Croatian citizens abroad, obtained via a research study of the CNB. From the first quarter of 1999 on, estimates are based on the Survey on Consumption of Domestic Travelers Abroad, carried out jointly by the Croatian National Bank and the Institute for Tourism. For the 1993 to 1996 period, merchandise imports from the merchandise trade statis-

Table H2: Balance of Payments – Goods and Services (revised data)

Million US dollars

	1997	1998	1999	2000	2001	2001				2002	
						Q1	Q2	Q3	Q4	Q1	Q2 ^a
1. Goods	-5,383.2	-4,071.5	-3,298.6	-3,203.8	-3,978.6	-808.3	-1,251.3	-974.6	-944.4	-979.8	-1,315.6
1.1. Credit	4,020.9	4,580.6	4,394.7	4,567.2	4,758.7	1,111.4	1,164.1	1,221.2	1,262.0	1,048.7	1,238.6
1.1.1. Exports f.o.b. in trade statistics	3,981.3	4,517.2	4,302.5	4,431.6	4,665.9	1,093.3	1,141.4	1,196.6	1,234.6	1,031.5	1,217.1
1.1.2. Adjustments for coverage	39.6	63.4	92.2	135.6	92.8	18.1	22.7	24.6	27.4	17.2	21.5
1.2. Debit	-9,404.2	-8,652.0	-7,693.3	-7,770.9	-8,737.2	-1,919.7	-2,415.4	-2,195.7	-2,206.4	-2,028.5	-2,554.2
1.2.1. Imports c.i.f. in trade statistics	-9,101.5	-8,275.6	-7,798.6	-7,886.5	-9,015.0	-1,989.9	-2,508.4	-2,247.6	-2,269.1	-2,105.7	-2,665.3
1.2.2. Adjustments for coverage	-948.9	-964.0	-448.4	-444.4	-362.3	-71.2	-85.1	-107.7	-98.3	-72.4	-78.1
1.2.3. Adjustments for classification	646.2	587.6	553.7	559.9	640.1	141.3	178.1	159.6	161.1	149.5	189.2
2. Services	2,024.2	2,076.7	1,625.2	2,267.9	2,933.1	115.8	454.3	2,055.4	307.6	136.3	564.3
2.1. Transportation	282.6	229.5	83.8	178.6	169.1	45.4	38.9	49.6	35.2	23.5	25.0
2.1.1. Credit	681.5	565.7	484.0	557.3	588.6	135.2	154.2	160.7	138.5	95.2	141.3
2.1.2. Debit	-399.0	-336.2	-400.1	-378.7	-419.5	-89.8	-115.3	-111.2	-103.2	-71.7	-116.3
2.2. Travel	1,993.0	2,133.2	1,742.0	2,189.9	2,728.6	80.9	391.8	1,981.0	274.9	95.0	551.7
2.2.1. Credit	2,523.1	2,733.4	2,493.4	2,758.0	3,335.0	237.5	533.2	2,151.2	413.1	236.7	756.9
2.2.2. Debit	-530.1	-600.3	-751.4	-568.1	-606.4	-156.6	-141.4	-170.2	-138.2	-141.7	-205.2
2.3. Other services	-251.4	-286.0	-200.6	-100.6	35.4	-10.6	23.5	24.9	-2.5	17.8	-12.4
2.3.1. Credit	799.6	665.0	745.7	780.6	949.4	205.6	234.3	262.7	246.8	269.1	252.7
2.3.2. Debit	-1,051.0	-951.0	-946.3	-881.2	-914.1	-216.2	-210.8	-237.8	-249.2	-251.3	-265.1
Total (1+2)	-3,359.0	-1,994.8	-1,673.4	-935.9	-1,045.4	-692.5	-797.0	1,080.9	-636.7	-843.5	-751.3

^a Preliminary data.

tics are modified by estimates on imports in duty-free zones (prepared by the CNB), while from 1997 on, data on these imports are included in the merchandise trade statistics.

Beginning with the first quarter of 1999, income and expenditures from transport services are compiled on the basis of data from a new CNB research project on international transport services, with two exceptions: first, income and expenditures from road transport are compiled via data on realized foreign payments, and second, a portion of expenditures on transport services for transport of goods imported to the Republic of Croatia are based on a survey of the largest and large Croatia importers. This survey is carried out in the context of the reformulation of data on imports from a c.i.f. to an f.o.b. basis.

Income from travel-tourism is calculated on the basis of the Survey on Consumption of Foreign Travelers in Croatia starting in the first quarter of 1999. This survey is carried out jointly by the Croatian National Bank and the Institute for Tourism. Additional data from the Croatian Institute for Health Insurance on health services provided to non-residents is also used.

Expenditures from travel-tourism are, starting in the first quarter of 1999, based on the results of the Survey on Consumption of Domestic Travelers Abroad, and supplemented by data on foreign exchange expenditures of the Croatian Institute for Health Insurance.

Item Other services includes data from the foreign payments statistics which relate to investment projects abroad, representation fees, insurance services, delivery services, postal services and the costs of Croatian representative offices overseas. To this category is added a part of unclassified services which can be explained as a linear trend, as well as estimates on expenditures of international peacekeeping and humanitarian missions for goods and services in the Republic of Croatia, based on a research by the Croatian National Bank.

The income account includes data from the foreign payments statistics on compensation of employees, payments on the basis of interest, data from the CNB's research on income paid from foreign direct and portfolio investment of the private sector, Croatian National Bank data and Institute for Payment Transactions data on income paid from foreign portfolio investment in the official sector and estimates on resi-

dents' income from factor services to peacekeeping and humanitarian missions in the Republic of Croatia, based on the research of the Croatian National Bank for the period 1993 to 1996, data on foreign direct investment do not include data on retained profit.

Current transfers to the government include data from the foreign payments statistics on the payment of pensions and other social transfers, monetary support and gifts, as well as data from the merchandise trade statistics of the Republic of Croatia on imports and exports of goods without payment obligation.

Income from transfers to other sectors includes data from the foreign payments statistics on the total value of foreign exchange transfers received from abroad. To this is added an estimate on unregistered transfers. For the 1993 to 1998 period, this estimate is seen as 15% of the difference between the unexplained foreign exchange inflows and outflows of the household sector. Beginning with the first quarter of 1999, data on buy-out of foreign exchange cheques from domestic natural persons are also included.

The foreign exchange receipts of the household sector include the purchase of foreign cash at exchange offices from residents and deposits of foreign cash in foreign exchange accounts of residents at domestic banks. Payments made abroad and income earned through business trips, education and training, tourist receipts and other tourist income are added to this. The total inflow is decreased by: estimated tourist income and estimates on purchases by individual foreign tourists in the Republic of Croatia (Survey on Consumption of Foreign Tourists in Croatia, carried out jointly by the Croatian National Bank and the Institute for Tourism) plus estimated consumption of goods and services by members of peacekeeping and humanitarian missions in the Republic of Croatia.

The foreign exchange expenditures of the household sector include purchases of foreign cash from exchange offices and withdrawals of foreign cash from households' foreign exchange accounts at domestic banks. Realized foreign payments and expenditures from business trips, education and training, tourist payments and other tourist expenditures are added to this. The total outflow is decreased by: individuals' expenditures for goods abroad and expenditures for foreign tourism by

Table H3: Balance of Payments – Income and Current Transfers (revised data)

Million US dollars

	1997	1998	1999	2000	2001	2001				2002	
						Q1	Q2	Q3	Q4	Q1	Q2 ^a
1. Income	-22.4	-164.0	-356.8	-386.2	-537.0	-147.2	-255.2	-103.9	-30.7	-218.0	-149.8
1.1. Compensation of employees	55.6	69.7	60.3	69.6	124.5	28.8	29.6	31.9	34.3	34.6	36.5
1.1.1. Credit	70.2	81.0	75.2	82.7	137.3	31.6	32.7	34.7	38.2	38.3	40.3
1.1.2. Debit	-14.6	-11.4	-14.9	-13.1	-12.8	-2.9	-3.1	-2.8	-3.9	-3.8	-3.9
1.2. Direct investment income	-52.0	-100.6	-66.8	-134.1	-326.1	-15.5	-219.9	-76.8	-13.9	-94.0	-152.3
1.2.1. Credit	16.9	5.3	2.7	5.5	14.3	1.1	9.7	1.9	1.6	0.6	3.4
1.2.2. Debit	-68.9	-105.9	-69.6	-139.5	-340.4	-16.6	-229.6	-78.7	-15.5	-94.6	-155.8
1.3. Portfolio investment income	-91.6	-102.6	-129.2	-178.8	-218.1	-123.7	-23.8	-65.5	-5.1	-139.5	-7.7
1.3.1. Credit	2.6	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2. Debit	-94.2	-102.8	-129.3	-178.8	-218.1	-123.7	-23.8	-65.5	-5.1	-139.5	-7.8
1.4. Other investment income	65.6	-30.5	-221.1	-142.8	-117.4	-36.7	-41.1	6.5	-46.0	-19.1	-26.2
1.4.1. Credit	274.1	308.3	169.3	243.3	245.2	65.1	51.3	97.1	31.7	64.9	66.2
1.4.2. Debit	-208.6	-338.8	-390.4	-386.1	-362.6	-101.8	-92.4	-90.7	-77.7	-83.9	-92.4
2. Current transfers	869.4	706.0	632.5	883.2	965.7	222.6	254.1	238.1	250.9	240.2	263.5
2.1. General government	32.8	-9.2	-130.3	21.7	56.7	14.9	22.7	12.1	7.0	4.0	6.8
2.1.1. Credit	55.6	77.6	76.2	118.0	125.5	27.7	35.2	28.9	33.8	27.6	30.4
2.1.2. Debit	-22.8	-86.8	-206.5	-96.3	-68.9	-12.8	-12.5	-16.8	-26.8	-23.6	-23.5
2.2. Other sectors	836.5	715.2	762.7	861.5	909.0	207.7	231.5	226.0	243.9	236.2	256.7
2.2.1. Credit	908.4	841.5	891.2	983.0	1,049.0	241.7	262.7	260.8	283.8	274.3	303.9
2.2.2. Debit	-71.9	-126.3	-128.5	-121.5	-139.9	-34.0	-31.3	-34.8	-39.9	-38.1	-47.3
Total (1+2)	846.9	542.0	275.6	497.0	428.7	75.4	-1.1	134.1	220.2	22.2	113.7

^a Preliminary data.

residents (Survey on Consumption of Domestic Travelers Abroad, which is carried out jointly by the Croatian National Bank and the Institute for Tourism). Expenditures on transfers of other sectors are based on foreign payments statistics data on the total value of foreign exchange transfers abroad.

Capital accounts are compiled from data on realized foreign payments by migrants (income and expenditures).

Foreign direct and portfolio investment includes data on those investments from the research of the CNB and data from the securities register of the official sector (central bank and central government) at the Croatian National Bank and the Institute for Payment Transactions. In the 1993 to 1996 period, data on foreign direct investment of the private sector (banks and other sectors) did not include direct foreign debt investment, nor retained profit of the investor.

Other investment is classified according to the following institutional sectors: the Croatian National Bank, government, banks and other. The government sector comprises central government and funds, local government authorities and local funds. The banking sector comprises DMBs.

Item Assets - Trade credits has been compiled since the first quarter of 1996. It includes advances paid for goods imports by Croatian importers. Starting in the first quarter of 1999, it includes loans with a maturity below 90 days given by Croatian exporters to foreign buyers as well as long-term and short-term (from 91 days to 1 year) trade credits granted to the government and other sectors.

Item Assets - Loans includes data on loans granted abroad, classified according to institutional sectors. The data are obtained from statistics on foreign credit relations of the Croatian National Bank, which are based on concluded credit agreements registered with the Croatian National Bank.

Item Assets - Currency and deposits - Banks in the 1993 to 1998 period shows the change in the total liquid foreign exchange of banks authorized to do business abroad reduced by the amount of foreign exchange deposited by DMBs with the CNB in fulfillment of a part of their reserve requirements. Beginning with the first quarter of 1999,

transaction-based changes are estimated by converting changes in the original currencies into US dollar changes using the average monthly exchange rate of currencies held in the banks' assets against the US dollar. Item Assets - Currency and deposits - Other sectors, in the 1993 to 1998 period includes a part of the net foreign exchange inflows of the household sector which is not classified on the current account, and which amounts to 85% of the unexplained foreign exchange inflows to the household sector. Beginning with the first quarter of 1999, this item is no longer estimated.

Item Liabilities - Trade credits has been compiled since the first quarter of 1996, and includes data on loans with a maturity below 90 days granted by foreign suppliers to Croatian importers. From the first quarter of 1999 on, this item includes data on advances granted by foreign purchasers to Croatian exporters for exports of goods, as well as data on long-term and short-term (from 91 days to 1 year) trade credits received by the government and other sectors.

Data on credits received from abroad and corresponding arrears are shown by institutional sectors. They are obtained from statistics on foreign credit relations of the Croatian National Bank, which are based on concluded credit agreements registered with the Croatian National Bank.

Item Liabilities - Currency and deposits includes changes in those foreign exchange and kuna foreign liabilities of the monetary authorities (CNB) and banks based on current accounts, time and notice deposits, sight deposits and demand deposits.

Changes in the international reserves of the Croatian National Bank on a transactions basis are estimated using accounting data on the stock of foreign exchange reserves in particular currencies at the end of the month. In the estimate on transactions in the period from 1993 to the fourth quarter of 1998, changes in the original currencies were transformed into dollar changes using the average monthly exchange rate of the currency in question against the US dollar. Starting from the first quarter of 1999, the source of data on changes in international reserves has been a Report on International Reserves Transactions compiled by the CNB Accounting Department.

Table H4: Balance of Payments – Other Investments (revised data)

Million US dollars

	1997	1998	1999	2000	2001	2001				2002	
						Q1	Q2	Q3	Q4	Q1	Q2 ^a
ASSETS	171.3	348.8	-117.7	-847.5	311.7	84.3	248.9	-517.4	496.0	1,016.6	270.2
1. Trade credits	18.1	-19.5	-292.1	97.8	60.0	124.1	-62.5	72.1	-73.8	45.1	-123.8
1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other sectors	18.1	-19.5	-292.1	97.8	60.0	124.1	-62.5	72.1	-73.8	45.1	-123.8
1.2.1. Long-term	0.0	0.0	-20.7	2.4	8.3	4.2	3.2	0.6	0.3	-8.7	1.9
1.2.2. Short-term	18.1	-19.5	-271.4	95.4	51.7	119.9	-65.7	71.5	-74.0	53.9	-125.7
2. Loans	0.0	0.0	-23.5	2.7	-12.4	-10.2	6.6	-7.5	-1.4	-4.3	-13.6
2.1. General government	0.0	0.0	1.1	0.0	-3.2	-4.0	0.0	0.0	0.8	0.0	0.0
2.1.1. Long-term	0.0	0.0	1.1	0.0	-3.2	-4.0	0.0	0.0	0.8	0.0	0.0
2.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Banks	0.0	0.0	-24.6	2.7	-9.2	-6.2	6.6	-7.5	-2.2	-4.3	-13.6
2.2.1. Long-term	0.0	0.0	-14.8	2.3	-3.0	1.8	3.8	-8.6	0.1	-0.7	-4.8
2.2.2. Short-term	0.0	0.0	-9.8	0.4	-6.3	-8.0	2.8	1.2	-2.2	-3.5	-8.8
2.3. Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Currency and deposits	153.2	368.3	197.9	-948.1	264.1	-29.7	304.8	-582.1	571.1	975.8	407.6
3.1. General government	30.7	-22.3	12.3	-26.7	-15.2	-64.3	10.6	53.1	-14.6	3.4	75.1
3.2. Banks	-371.8	406.1	185.6	-921.4	-1,613.7	34.6	294.2	-635.2	-1,307.3	972.4	332.5
3.3. Other sectors	494.3	-15.5	0.0	0.0	1,893.0	0.0	0.0	0.0	1,893.0	0.0	0.0
LIABILITIES	1,963.2	402.9	860.5	812.6	-55.2	-383.0	494.6	199.2	-366.0	168.5	660.4
1. Trade credits	217.9	-466.9	310.6	280.1	58.7	-424.0	346.2	279.2	-142.8	-107.8	460.5
1.1. General government	0.0	0.0	0.9	-3.2	1.1	0.0	1.1	0.0	0.0	0.4	0.0
1.1.1. Long-term	0.0	0.0	-1.0	-0.5	1.1	0.0	1.1	0.0	0.0	0.4	0.0
1.1.2. Short-term	0.0	0.0	1.9	-2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other sectors	217.9	-466.9	309.7	283.3	57.6	-424.0	345.1	279.2	-142.8	-108.2	460.6
1.2.1. Long-term	0.0	0.0	-9.4	-9.4	-27.4	-3.8	9.0	-15.9	-16.6	-0.7	1.0
1.2.2. Short-term	217.9	-466.9	319.1	292.8	85.0	-420.1	336.2	295.1	-126.1	-107.5	459.6
2. Loans	1,474.1	1,045.7	514.2	637.4	-315.7	-35.7	100.4	-78.6	-301.8	104.2	-85.7
2.1. Monetary authorities	37.3	-8.9	-31.4	-28.7	-30.8	0.0	-13.8	-3.1	-13.9	-3.0	-13.7
2.1.1. Use of Fund credit and loans	37.3	-8.9	-31.4	-28.7	-30.8	0.0	-13.8	-3.1	-13.9	-3.0	-13.7
2.1.1.1. Drawings	39.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.2. Repayments	-2.2	-8.9	-31.4	-28.7	-30.8	0.0	-13.8	-3.1	-13.9	-3.0	-13.7
2.2. General government	95.7	-61.4	185.2	270.4	-338.9	23.0	-7.8	-30.8	-323.3	92.6	25.1
2.2.1. Long-term	104.2	-12.2	169.7	-16.4	21.1	23.0	-7.8	-30.8	36.7	92.6	25.1
2.2.1.1. Drawings	180.7	248.0	235.1	235.1	166.7	50.6	11.8	44.9	59.3	120.1	47.1
2.2.1.2. Repayments	-76.4	-260.2	-65.5	-251.5	-145.6	-27.6	-19.7	-75.7	-22.6	-27.5	-22.1
2.2.2. Short-term (net)	-8.6	-49.2	15.5	286.9	-360.0	0.0	0.0	0.0	-360.0	0.0	0.0
2.3. Banks	399.2	311.6	-5.7	100.7	121.1	-19.0	123.3	-26.4	43.1	2.4	-48.5
2.3.1. Long-term	337.3	362.3	-7.2	107.4	127.2	-17.1	118.5	-26.4	52.3	2.0	-48.9
2.3.1.1. Drawings	587.9	517.0	494.6	651.9	729.9	84.8	187.0	348.1	110.0	70.1	28.8
2.3.1.2. Repayments	-250.6	-154.7	-501.8	-544.4	-602.7	-101.9	-68.5	-374.5	-57.7	-68.1	-77.7
2.3.2. Short-term (net)	61.9	-50.7	1.5	-6.8	-6.1	-1.8	4.8	0.1	-9.1	0.4	0.4
2.4. Other sectors	942.0	804.3	366.2	295.0	-67.0	-39.7	-1.3	-18.3	-7.7	12.2	-48.6
2.4.1. Long-term	747.0	668.0	377.8	344.2	-21.4	9.5	26.2	-7.6	-49.6	-3.2	-63.9
2.4.1.1. Drawings	1,007.0	969.7	914.9	829.6	588.0	105.5	174.9	154.9	152.6	124.9	140.7
2.4.1.2. Repayments	-259.9	-301.8	-537.1	-485.4	-609.4	-96.0	-148.8	-162.5	-202.1	-128.1	-204.6
2.4.2. Short-term (net)	194.9	136.4	-11.6	-49.2	-45.6	-49.3	-27.5	-10.7	41.8	15.4	15.2
3. Currency and deposits	271.1	-175.9	35.6	-104.9	201.7	76.7	48.0	-1.5	78.6	171.9	285.9
3.1. Monetary authorities	0.0	0.0	0.0	0.0	1.0	0.0	0.0	1.0	0.0	0.0	0.0
3.2. Banks	271.1	-175.9	35.6	-104.9	200.7	76.7	48.0	-2.5	78.6	171.9	285.9
4. Other liabilities (short-term)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.3. Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data.

Table H5: Balance of Payments – Summary (revised data)

Million kuna

	1997	1998	1999	2000	2001	2001				2002	
						Q1	Q2	Q3	Q4	Q1	Q2 ^a
A. CURRENT ACCOUNT (1+6)	-15,184.9	-9,239.2	-9,958.2	-3,719.3	-5,169.5	-5,181.3	-6,759.4	9,996.8	-3,225.6	-6,995.8	-5,166.5
1. Goods, services, and income (2+5)	-20,527.7	-13,736.0	-14,461.5	-11,042.8	-13,225.0	-7,033.1	-8,918.0	8,029.6	-5,303.5	-9,057.6	-7,275.1
1.1. Credit	52,092.8	56,904.8	59,682.0	74,574.1	83,771.2	14,830.0	18,523.8	32,507.3	17,910.1	14,926.8	20,075.9
1.2. Debit	-72,620.5	-70,640.8	-74,143.5	-85,616.9	-96,996.2	-21,863.1	-27,441.9	-24,477.6	-23,213.6	-23,984.5	-27,350.9
2. Goods and services (3+4)	-20,456.0	-12,665.6	-11,928.5	-7,894.9	-8,942.8	-5,811.6	-6,753.0	8,900.1	-5,278.3	-7,198.5	-6,052.8
2.1. Credit	49,827.5	54,398.7	57,919.7	71,797.8	80,225.9	14,020.4	17,726.3	31,399.5	17,079.7	14,043.2	19,196.9
2.2. Debit	-70,283.5	-67,064.3	-69,848.2	-79,692.7	-89,168.7	-19,832.0	-24,479.3	-22,499.3	-22,358.0	-21,241.7	-25,249.7
3. Goods	-33,309.5	-25,946.4	-23,586.6	-26,686.7	-33,302.4	-6,765.7	-10,616.9	-8,094.2	-7,825.7	-8,358.4	-10,539.6
3.1. Credit	24,755.0	29,130.4	31,369.6	37,910.1	39,690.9	9,229.3	9,891.6	10,105.8	10,464.2	8,931.0	9,999.6
3.2. Debit	-58,064.5	-55,076.9	-54,956.2	-64,596.7	-72,993.3	-15,995.0	-20,508.5	-18,199.9	-18,289.9	-17,289.3	-20,539.2
4. Services	12,853.5	13,280.8	11,658.1	18,791.7	24,359.6	954.0	3,863.9	16,994.3	2,547.3	1,159.8	4,486.8
4.1. Credit	25,072.5	25,268.3	26,550.1	33,887.7	40,535.0	4,791.1	7,834.8	21,293.7	6,615.5	5,112.2	9,197.3
4.2. Debit	-12,219.0	-11,987.5	-14,892.0	-15,096.0	-16,175.4	-3,837.0	-3,970.8	-4,299.4	-4,068.2	-3,952.3	-4,710.5
5. Income	-71.7	-1,070.4	-2,533.0	-3,147.9	-4,282.2	-1,221.5	-2,165.1	-870.5	-25.1	-1,859.1	-1,222.3
5.1. Credit	2,265.3	2,506.0	1,762.3	2,776.3	3,545.4	809.7	797.5	1,107.8	830.4	883.7	879.0
5.2. Debit	-2,336.9	-3,576.5	-4,295.3	-5,924.1	-7,827.5	-2,031.1	-2,962.6	-1,978.3	-855.5	-2,742.8	-2,101.2
6. Current transfers	5,342.7	4,496.8	4,503.2	7,323.5	8,055.5	1,851.8	2,158.7	1,967.2	2,077.8	2,061.8	2,108.5
6.1. Credit	5,925.9	5,846.2	6,898.2	9,131.4	9,795.4	2,239.8	2,530.9	2,393.8	2,630.9	2,580.4	2,682.0
6.2. Debit	-583.1	-1,349.4	-2,394.9	-1,807.9	-1,740.0	-388.0	-372.3	-426.7	-553.1	-518.6	-573.5
B. CAPITAL AND FINANCIAL ACCOUNT	16,177.9	9,123.9	16,332.9	9,754.1	7,311.7	2,567.1	6,496.9	-4,294.1	2,541.8	9,780.4	10,120.3
B1. Capital account	132.4	121.9	178.0	172.1	1,140.1	27.9	1,027.1	36.6	48.6	47.9	63.1
B2. Financial account, excl. reserves	18,730.7	10,056.6	19,146.8	14,391.8	17,206.6	3,746.1	8,747.7	-868.0	5,580.9	11,676.7	12,089.2
1. Direct investment	2,135.2	5,349.3	10,086.4	8,464.8	9,040.3	1,455.4	2,215.3	668.3	4,701.3	1,898.6	2,160.3
1.1. Abroad	-1,149.7	-619.7	-329.0	2.3	-1,191.9	344.7	135.9	-1,296.3	-376.2	-40.8	-249.8
1.2. In Croatia	3,284.8	5,969.1	10,415.3	8,462.4	10,232.2	1,110.8	2,079.3	1,964.6	5,077.5	1,939.4	2,410.1
2. Portfolio investment	3,523.4	107.9	3,970.9	5,781.8	5,995.1	4,776.5	202.5	1,149.4	-133.3	-240.3	2,647.3
2.1. Assets	70.6	-0.9	-2.1	-1.4	2.4	-0.3	2.7	-0.1	0.1	-580.8	162.7
2.2. Liabilities	3,452.8	108.8	3,973.1	5,783.2	5,992.8	4,776.8	199.8	1,149.5	-133.3	340.5	2,484.6
3. Other investment	13,072.0	4,599.3	5,089.5	145.2	2,171.2	-2,485.9	6,329.9	-2,685.8	1,012.9	10,018.3	7,281.6
3.1. Assets	750.9	2,139.9	-1,149.9	-6,977.2	2,671.7	701.3	2,124.1	-4,265.7	4,112.0	8,652.5	2,129.6
3.2. Liabilities	12,321.1	2,459.4	6,239.4	7,122.4	-500.5	-3,187.1	4,205.8	1,579.9	-3,099.1	1,365.8	5,151.9
B3. Reserve assets (CNB)	-2,685.2	-1,054.5	-2,992.0	-4,809.8	-11,035.1	-1,206.8	-3,277.9	-3,462.7	-3,087.7	-1,944.2	-2,032.0
C. NET ERRORS AND OMISSIONS	-992.9	115.3	-6,374.6	-6,034.8	-2,142.1	2,614.2	262.5	-5,702.6	683.8	-2,784.5	-4,953.8

^a Preliminary data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

End of period, million US dollars

Year	Month	International reserves of the Croatian National Bank							Banks' foreign exchange reserves ^a
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign exchange			
						Total	Currency and deposits	Bonds and notes	
1991	December	–	–	–	–	–	–	–	200.9
1992	December	166.8	–	–	–	166.8	166.8	–	484.0
1993	December	616.2	3.7	–	–	612.5	612.5	–	689.4
1994	December	1,405.0	4.5	–	–	1,400.5	1,400.5	–	878.7
1995	December	1,895.2	139.8	–	–	1,755.4	1,651.0	104.3	1,330.3
1996	December	2,314.0	125.6	–	–	2,188.4	2,016.6	171.8	1,919.5
1997	December	2,539.1	147.1	0.1	–	2,391.9	2,011.7	380.2	2,291.3
1998	December	2,815.7	231.2	0.2	–	2,584.4	1,927.0	657.4	1,885.2
1999	December	3,025.0	189.5	0.2	–	2,835.3	2,459.8	375.5	1,562.9
2000	December	3,524.8	147.7	0.2	–	3,376.9	2,574.3	802.6	2,389.2
2001	July	4,175.8	126.7	0.2	114.9	3,934.0	2,770.1	1,163.9	1,961.9
	August	4,101.3	128.7	0.2	114.9	3,857.5	2,756.7	1,100.8	2,718.3
	September	4,416.3	124.8	0.2	–	4,291.3	3,003.3	1,288.0	2,685.7
	October	4,504.8	110.7	0.2	–	4,393.9	3,059.7	1,334.3	2,769.7
	November	4,614.9	108.9	0.2	–	4,505.7	3,105.9	1,399.9	2,958.7
	December ^b	4,704.2	108.4	0.2	–	4,595.6	3,060.3	1,535.3	3,915.0
2002	January	4,734.4	107.4	0.2	–	4,626.8	3,319.5	1,307.3	3,541.5
	February	4,750.0	106.4	0.2	–	4,643.3	3,273.2	1,370.2	3,457.2
	March	4,885.5	104.1	0.2	–	4,781.1	3,275.3	1,505.8	2,906.3
	April	5,018.8	92.1	0.2	–	4,926.5	3,292.0	1,634.5	2,658.1
	May	5,230.8	92.8	0.2	–	5,137.8	3,365.6	1,772.2	2,745.6
	June	5,601.8	95.9	0.2	–	5,505.7	3,627.8	1,878.0	2,837.6
	July	5,648.4	95.5	0.2	–	5,552.7	3,638.7	1,914.0	2,861.4
	August	5,758.3	95.3	0.2	–	5,662.8	3,779.1	1,883.7	2,901.1
	September	5,705.2	91.6	0.2	–	5,613.4	3,573.5	2,039.9	2,931.0
	October	5,715.9	77.3	0.2	–	5,638.4	3,628.7	2,009.7	2,878.3
	November ^c	5,852.9	76.5	0.2	–	5,776.1	3,914.2	1,861.9	2,834.5

^a HBOR excluded. ^b The first revaluation of securities with the effect of USD 19.8m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of USD 7.6m, was included in the international reserves as at 31 December 2001 as well. ^c Preliminary data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

The international reserves of the Croatian National Bank are shown according to the methodology contained in the Balance of Payments Manual (International Monetary Fund, 1993), and include those foreign claims of the Croatian National Bank that can be used to bridge imbalances in international payments. International reserves include

special drawing rights, reserve position in the International Monetary Fund, gold, foreign currency and deposits with foreign banks, as well as bonds and debt instruments.

The foreign exchange reserves of commercial banks include foreign currency and domestic commercial banks' deposits with foreign banks. These foreign exchange reserves represent an additional source of liquidity for bridging imbalances in international payments.

Table H7: International Reserves and Foreign Currency Liquidity

Million US dollars

	1999	2000	2000	2002					
	Dec.	Dec.	Dec. ^c	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
I. Official reserve assets and other f/c assets (approximate market value)									
A. Official reserve assets	2,847.4	3,432.3	4,704.2	4,885.5	5,601.8	5,648.4	5,758.3	5,705.2	5,715.9
(1) Foreign currency reserves (in convertible f/c)	2,616.3	2,567.4	3,420.3	3,661.5	4,284.3	4,302.7	4,358.1	4,326.3	4,285.5
(a) Securities	375.5	802.6	1,535.3	1,505.8	1,878.0	1,914.0	1,883.7	2,039.9	2,009.7
o/w: issuer headquartered in reporting country but located abroad									
(b) Total currency and deposits with:	2,240.8	1,764.8	1,885.0	2,155.7	2,406.3	2,388.7	2,474.4	2,286.3	2,275.8
(i) other national central banks, BIS and IMF	712.3	545.7	406.9	382.6	361.2	338.4	337.9	321.3	322.3
(ii) banks headquartered in the reporting country									
o/w: located abroad									
(iii) banks headquartered outside the reporting country	1,528.6	1,219.1	1,478.1	1,773.0	2,045.1	2,050.3	2,136.5	1,965.0	1,953.4
o/w: located in the reporting country									
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(3) SDRs	189.5	147.7	108.4	104.1	95.9	95.5	95.3	91.6	77.3
(4) gold									
(5) other reserve assets	41.4	717.0	1,175.3	1,119.7	1,221.4	1,250.1	1,304.7	1,287.2	1,352.9
– reverse repo	41.4	717.0	1,175.3	1,119.7	1,221.4	1,250.1	1,304.7	1,287.2	1,352.9
B. Other foreign currency assets (specify)	177.6	92.5							
– time deposits	177.6	92.5							
C. Total (A+B)	3,025.0	3,524.8	4,704.2	4,885.5	5,601.8	5,648.4	5,758.3	5,705.2	5,715.9
II. Predetermined short-term net drains on f/c assets (nominal value)									
1. F/c loans, securities, and deposits (total net drains up to one year)	-932.6	-1,210.8	-1,191.4	-802.9	-876.3	-869.8	-854.7	-854.0	-833.5
(a) Croatian National Bank	-258.7	-265.0	-391.1	-280.1	-292.4	-287.3	-270.7	-270.9	-245.0
Up to 1 month									
Principal	-90.2	-107.6	-172.9	-141.5	-147.6	-122.4	-148.6	-149.1	-162.1
Interest	-5.0	-4.3	-2.8	-2.3	-2.8	-2.5	-2.4	-2.3	-3.0
More than 1 and up to 3 months									
Principal	-123.6	-116.5	-179.6	-106.7	-95.2	-132.7	-91.8	-90.6	-37.4
Interest	-2.7	-2.8	-1.9	-1.7	-1.7	-1.2	-0.7	-1.6	-0.9
More than 3 months and up to 1 year									
Principal	-29.9	-29.0	-30.4	-24.6	-42.0	-25.3	-24.2	-24.4	-38.8
Interest	-7.3	-4.7	-3.4	-3.2	-3.2	-3.2	-3.1	-2.8	-2.8
(b) Central government (excluding extrabudgetary funds) ^a	-673.9	-945.8	-800.3	-522.9	-583.9	-582.5	-584.0	-583.1	-588.4
Up to 1 month									
Principal	-63.5	-89.3	-89.7	-3.1	-95.6	0.0	-8.7	-3.6	-2.9
Interest	-58.3	-69.0	-49.0	-1.3	-57.7	-3.1	-3.1	-3.0	-1.9
More than 1 and up to 3 months									
Principal	-6.0	-93.8	-310.1	-19.4	-8.6	-12.2	-6.4	-25.4	-125.6
Interest	-42.9	-77.1	-110.9	-14.0	-6.0	-6.0	-4.1	-18.6	-62.5
More than 3 months and up to 1 year									
Principal	-384.6	-497.1	-150.6	-237.6	-187.3	-285.7	-283.0	-267.2	-169.0
Interest	-118.7	-119.6	-90.0	-247.5	-228.6	-275.5	-278.7	-265.3	-226.6
2. Aggregate short and long positions in forwards and futures in f/c vis-à-vis the domestic currency (including the forward leg of currency swaps)									
(a) Short positions (-)									
Up to 1 month									
More than 1 and up to 3 months									
More than 3 months and up to 1 year									
(b) Long positions (+)									
Up to 1 month									
More than 1 and up to 3 months									
More than 3 months and up to 1 year									
3. Other	-21.3	-40.7	-66.3	-113.2	-60.4	-122.7	-190.9	-113.4	-143.9
– outflows related to repos (-)									
Up to 1 month									
Principal	-21.3	-40.6	-66.3	-113.2	-60.3	-122.6	-190.7	-113.3	-143.8
Interest	0.0	-0.1	-0.1	0.0	0.0	-0.1	-0.2	-0.1	-0.1
More than 1 and up to 3 months									
Principal									
Interest									
More than 3 months and up to 1 year									
Principal									
Interest									
4. Total predetermined short-term net drains on foreign currency assets (1+2+3)	-954.0	-1,251.5	-1,257.7	-916.1	-936.6	-992.5	-1,045.6	-967.4	-977.4
III. Contingent short-term net drains on f/c assets (nominal value)									
1. Contingent liabilities in foreign currency	-869.9	-969.3	-960.3	-1,059.2	-1,110.9	-1,135.0	-1,146.2	-1,174.0	-1,188.4
(a) Collateral guarantees on debt falling due within 1 year	-263.6	-296.0	-278.6	-255.1	-238.7	-254.5	-273.2	-265.8	-265.3
– Croatian National Bank									
– Central government (excluding extrabudgetary funds) ^a	-263.6	-296.0	-278.6	-255.1	-238.7	-254.5	-273.2	-265.8	-265.3
Up to 1 month	-37.3	-48.4	-43.6	-10.8	-40.7	-3.4	-32.9	-9.7	-2.6

INTERNATIONAL ECONOMIC RELATIONS

More than 1 and up to 3 months	-57.6	-11.4	-21.8	-86.6	-29.4	-37.5	-15.2	-45.3	-86.0
More than 3 months and up to 1 year	-168.7	-236.2	-213.2	-157.8	-168.7	-213.6	-225.1	-210.9	-176.8
(b) Other contingent liabilities	-606.2	-673.2	-681.7	-804.1	-872.2	-880.4	-873.0	-908.2	-923.0
– Croatian National Bank	-606.2	-673.2	-681.7	-804.1	-872.2	-880.4	-873.0	-908.2	-923.0
Up to 1 month									
More than 1 and up to 3 months	-606.2	-673.2	-681.7	-804.1	-872.2	-880.4	-873.0	-908.2	-923.0
More than 3 months and up to 1 year									
– Central government (excluding extrabudgetary funds) ^a									
2. F/c sec. issued with embedded options (puttable bonds)									
3. Undrawn, unconditional credit lines provided by	80.0	80.0	150.7	150.1					
– BIS (+)	80.0	80.0							
– IMF (+)			150.7	150.2					
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the domestic currency									
5. Total contingent short-term net drains on f/c assets (1+2+3+4)	-789.9	-889.3	-809.7	-909.0	-1,110.9	-1,135.0	-1,146.2	-1,174.0	-1,188.4
IV. Memo items									
(a) short-term domestic currency debt indexed to the exchange rate									
o/w: central government (excluding extrabudgetary funds)									
(b) financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)									
(c) pledged assets	177.0								
(d) securities lent and on repo									
– lent or repoed and included in Section I	-20.1	-40.0	-61.7	-78.7	-20.0	-79.0	-143.7	-68.9	-99.2
– lent or repoed but not included in Section I									
– borrowed or acquired and included in Section I									
– borrowed or acquired but not included in Section I	37.4	685.6	1,089.3	1,060.7	1,201.9	1,187.3	1,224.3	1,207.4	1,275.5
(e) financial derivative assets (net, marked to market)									
(f) currency composition of official reserves assets ^b									
– currencies in SDR basket	2,983.7	3,524.8	4,704.2	4,885.4	5,601.8	5,648.4	5,758.3	5,705.2	5,715.9
– currencies not in SDR basket	41.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
– by individual currencies									
USD	1,186.1	922.5	1,533.2	1,702.5	1,779.8	1,878.3	1,911.6	1,760.0	1,778.9
EUR	1,405.1	2,453.9	2,062.0	3,078.6	3,725.8	3,674.4	3,751.2	3,853.3	3,859.5
Other	433.8	148.4	109.0	104.4	96.1	95.7	95.5	91.8	77.5

^a Preliminary data for 2001. ^b Until January 2001: Currency structure of official reserve assets and other foreign currency assets. ^c The first revaluation of securities with the effect of USD 19.8m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of USD 7.6m, was included in the international reserves as at 31 December 2001 as well. In accordance with the recommendation made by the IMF, time deposits with a maturity over 3 months were also included in Official reserve assets (I.A.). These deposits were previously included in Other foreign currency assets (I.B.).

Table H7: International Reserves and Foreign Currency Liquidity

International reserves and foreign currency liquidity are shown in accordance with a Template on International Reserves and Foreign Currency Liquidity, drawn up by the IMF. A detailed explanation of the Template is given in "Data Template on International Reserves and Foreign Currency Liquidity – Operational Guidelines, October 1999" issued by the IMF.

The first part of the Template shows total assets of the Croatian National Bank in convertible foreign currency. Official reserve assets (I.A.) show those types of assets that are readily available to the CNB at any moment for bridging imbalances in international payments. Official international reserves include: short-term foreign negotiable debt securities, foreign cash, foreign currency sight deposits, foreign currency time deposits which can be withdrawn before maturity, foreign currency time deposits with a remaining maturity of up to 1 year, reserve position with the IMF, special drawing rights, gold, and reverse repos with foreign negotiable debt securities. Other foreign currency assets of the CNB (I.B.) include foreign currency time deposits with a maturity over 3 months.

The second part of the Template shows fixed predetermined foreign currency net liabilities of the Croatian National Bank and the central government (excluding extrabudgetary funds) that fall due in the next 12 months. Foreign currency loans, securities and deposits (II.1.) include future interest payments on banks' foreign currency reserve requirements with the CNB (only interest payments for the next month are included), payments of future maturities of foreign currency CNB bills, future principal and interest payments on loans from the IMF, and future principal and interest payments on the central government's foreign currency debts (excluding extrabudgetary funds). Aggregate short and long positions in forwards and futures in foreign currencies (II.2.)

include future collections (+) or payments (-) arising from currency swaps between the CNB and domestic DMBs (temporary sale or purchase of foreign currency). Item Other (II.3.) includes future payments arising from repo agreements with foreign negotiable debt securities.

The third part of the Template shows predetermined contingent foreign currency net liabilities of the Croatian National Bank and the central government (excluding extrabudgetary funds), which fall due in the next 12 months. Contingent liabilities in foreign currency (III.1.) include future principal and interest payments on foreign loans guaranteed by the central government, and banks' foreign currency reserve requirements. (The inclusion of reserve requirements in foreign currency is based on the assumption that there will be no changes in ratios or in the base of foreign currency reserve requirements, which comprises households' deposits in foreign currency with remaining maturity of up to 3 months). Undrawn credit lines show potential inflows (+) or outflows (-) which would arise from drawdowns under these credits.

The fourth part of the Template lists memo items. Short-term, domestic currency debt indexed to foreign currency (IV.a) shows obligations arising from the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia, which fall due in the next 12 months. Pledged assets (IV.c) show time deposits in foreign currency with a maturity over 3 months listed in item I.B. which are also a pledge. Repo transactions with securities show the value of collateral that is the subject of repo agreements and reverse repo transactions with securities as well as how these transactions are registered in the Template. Until December 2000, the currency structure of international and other foreign currency reserves showed the currency structure of the total foreign currency assets of the CNB (section I.). From January 2001, the currency structure refers to official reserve assets (section I.).

Table H8: Midpoint Exchange Rates of the Croatian National Bank (period average)

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1992		0.340174	0.024304	0.050419	0.020916	0.190597	0.375277	0.264299	0.171018
1993		4.133563	0.305485	0.621058	0.224018	2.433869	5.369428	3.577417	2.155526
1994		7.087400	0.524804	1.079560	0.371475	4.381763	9.166192	5.995300	3.692018
1995		6.757758	0.518734	1.047969	0.321342	4.425311	8.252950	5.229967	3.649342
1996		6.804708	0.513722	1.062735	0.352150	4.404976	8.479850	5.433800	3.614536
1997		6.959708	0.505322	1.056355	0.361942	4.246962	10.081567	6.157050	3.555932
1998		7.136608	0.514421	1.079581	0.366683	4.395149	10.539883	6.362292	3.619321
1999		7.579622	0.550834	1.155501	0.391455	4.738375	11.504100	7.112441	3.875409
2000		7.634973	0.554855	1.163944	0.394313	4.901679	12.529639	8.276819	3.903700
2001		7.468966	0.542791	1.138637	0.385740	4.946376	12.010492	8.339074	3.818822
2001	July	7.199348	0.523197	1.097533	0.371815	4.756738	11.843820	8.383935	3.680968
	August	7.377423	0.536138	1.124681	0.381012	4.873952	11.783157	8.208499	3.772017
	September	7.516445	0.546241	1.145875	0.388192	5.038014	12.060134	8.247745	3.843097
	October	7.475332	0.543253	1.139607	0.386069	5.051394	11.982631	8.254490	3.822076
	November	7.408086	0.538366	1.129355	0.382596	5.051386	11.982645	8.332980	3.787694
	December	7.391192	0.537139	1.126780	0.381723	5.016176	11.922554	8.285753	3.779057
2002	January	7.477062				5.071054	12.130633	8.451613	
	February	7.500267				5.077714	12.263697	8.626259	
	March	7.403144				5.043763	12.027717	8.454575	
	April	7.392964				5.043037	12.043841	8.358554	
	May	7.378303				5.065595	11.779217	8.071944	
	June	7.344009				4.993381	11.405167	7.697451	
	July	7.350401				5.026632	11.500657	7.405215	
	August	7.377005				5.045000	11.605190	7.541780	
	September	7.346884				5.014697	11.644205	7.483577	
	October	7.426918				5.070771	11.795687	7.570804	
	November	7.467559				5.090816	11.740230	7.464486	

Table H9: Midpoint Exchange Rates of the Croatian National Bank (end of period)

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1992		0.964508	0.070357	0.145244	0.054153	0.546218	1.206464	0.798188	0.495000
1993		7.262200	0.540504	1.120052	0.381300	4.471653	9.714800	6.561900	3.801812
1994		6.902400	0.516285	1.052510	0.346500	4.288893	8.784200	5.628700	3.632100
1995		6.812200	0.526742	1.085365	0.335800	4.618693	8.234500	5.316100	3.705900
1996		6.863600	0.506253	1.055662	0.362600	4.098835	9.359000	5.539600	3.562200
1997		6.947200	0.499445	1.050510	0.357700	4.332003	10.475600	6.303100	3.511000
1998		7.329100	0.531546	1.114954	0.377700	4.567584	10.451000	6.247500	3.739700
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2001	July	7.185933	0.522222	1.095488	0.371122	4.757006	11.684444	8.217190	3.674109
	August	7.610640	0.553087	1.160235	0.393057	5.019549	12.155630	8.372541	3.891258
	September	7.542032	0.548101	1.149775	0.389513	5.104590	12.105990	8.230964	3.856180
	October	7.444006	0.540977	1.134831	0.384451	5.061195	11.967855	8.220879	3.806060
	November	7.432042	0.540108	1.133007	0.383833	5.082781	11.939023	8.361883	3.799943
	December	7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002	January	7.568480				5.146875	12.391094	8.741603	
	February	7.437848				5.037827	12.179217	8.600657	
	March	7.402535				5.052580	12.107516	8.494991	
	April	7.395818				5.054205	11.969280	8.185742	
	May	7.377827				5.039844	11.587603	7.928032	
	June	7.320722				4.972641	11.273055	7.359729	
	July	7.394853				5.071916	11.762133	7.522740	
	August	7.376568				5.022857	11.620302	7.488902	
	September	7.341343				5.003642	11.677021	7.504951	
	October	7.498423				5.126075	11.872107	7.627325	
	November	7.431178				5.035697	11.613030	7.482809	

Table H10: Indices of the Effective Exchange Rate of the Kuna

Indices 1995=100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator	
			Indices of producers' prices	Retail price index
1997	December	107.96	104.89	103.27
1998	December	111.87	108.03	102.41
1999	December	122.56	116.27	109.49
2000	December	125.97	113.53	107.66
2001	July	121.19	111.46	103.63
	August	122.41	112.96	103.63
	September	124.23	114.02	105.23
	October	123.80	112.11	104.80
	November	123.41	111.98	104.61
	December	122.99	111.96	104.32
	2002	January	124.74	113.95	105.45
February		125.80	114.35	106.57
March		123.91	114.53	105.08
April		123.36	113.38	104.60
May		121.86	111.78	103.25
June		119.64	109.37	101.24
July		118.32	107.66	100.56
August		119.29	108.79	101.71
September		118.68	108.15 ^a	100.95 ^a
October		120.00	108.68 ^a	101.71 ^a
November		119.93		

^a Preliminary data.

Note: From 1 January 2001, the euro-zone related price series includes Greece as well.

Table H10: Indices of the Effective Exchange Rate of the Kuna

The index of the nominal effective exchange rate of the kuna is a weighted geometric average of the index of bilateral exchange rates of the kuna against the euro, US dollar, Swiss franc, British pound and Slovenian tolar. The weights are determined based on the average share of a particular foreign currency in the structure of the current account of the balance of foreign currency transactions between July 1996 and January 2000. The year 1995 is a base period for calculating the index. The index of the nominal effective exchange rate is an aggregate indicator of the average value of the domestic currency against a basket of currencies. An increase in the index of the nominal effective

exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket of currencies. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna corrected for the relevant relative price indices (the ratio of price indices in partner countries and domestic prices). Producer price and retail price indices are used, in particular the total harmonized retail price index for the Economic and Monetary Union member countries. Data for the last two months are preliminary. The historical data may be corrected for the subsequent changes in the data published by the statistical offices of the countries whose prices are included in the calculation of the index of the real effective exchange rate of the kuna.

Table H11: External Debt by Domestic Sectors

Million US dollars

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.*	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Direct investment	0.0	243.5	307.0	624.3	630.2	663.8	838.8	852.0	872.3	884.7	871.2
2. Government	2,905.7	3,395.3	3,973.0	4,795.3	5,015.2	5,112.4	5,767.4	5,722.8	5,769.8	5,754.3	5,817.9
2.1 Portfolio investment	1,954.5	2,049.3	2,522.9	3,141.2	3,683.1	3,712.1	4,230.0	4,124.3	4,140.0	4,089.4	4,097.7
Bonds	1,954.5	2,049.3	2,522.9	3,141.2	3,683.1	3,712.1	4,230.0	4,124.3	4,140.0	4,089.4	4,097.7
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2 Other investment	951.2	1,346.0	1,450.2	1,654.1	1,332.2	1,400.3	1,537.4	1,598.5	1,629.8	1,664.9	1,720.1
2.2.1 Trade credits	18.1	2.7	3.4	0.1	1.1	1.5	1.6	1.4	1.4	1.3	1.3
Long-term	18.1	1.8	0.7	0.1	1.1	1.5	1.6	1.4	1.4	1.3	1.3
Short-term	0.0	0.8	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 Credits	933.1	1,343.3	1,446.8	1,654.0	1,331.0	1,398.8	1,535.8	1,597.1	1,628.5	1,663.6	1,718.8
Long-term	833.1	1,293.3	1,371.5	1,294.0	1,331.0	1,398.8	1,535.8	1,597.1	1,628.5	1,663.6	1,718.8
Short-term	100.0	50.0	75.3	360.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian National Bank	231.8	233.9	196.6	158.7	122.2	118.4	111.7	111.0	111.2	107.8	100.6
o/w: IMF	231.8	233.9	196.6	158.7	122.2	118.4	111.7	111.0	111.2	107.8	100.6
4. Banks	2,215.6	2,498.6	2,187.4	2,087.5	2,304.6	2,433.7	2,990.4	3,016.6	2,802.7	2,932.6	3,171.4
4.1. Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2 Other investment	2,215.6	2,498.6	2,187.4	2,087.5	2,304.6	2,433.7	2,990.4	3,016.6	2,802.7	2,932.6	3,171.4
4.2.1 Currency and deposits	789.9	614.6	537.7	432.8	633.5	798.6	1,186.7	1,268.3	1,189.5	1,366.0	1,450.3
4.2.2 Credits	1,425.7	1,884.0	1,649.7	1,654.7	1,671.1	1,635.1	1,803.7	1,748.3	1,613.2	1,566.6	1,721.1
Long-term	1,382.0	1,835.7	1,618.6	1,640.5	1,662.9	1,627.5	1,792.9	1,738.7	1,603.6	1,557.1	1,712.3
Short-term	43.7	48.3	31.2	14.2	8.3	7.7	10.8	9.7	9.6	9.5	8.9
5. Other sectors	2,098.5	3,214.9	3,208.3	3,336.3	3,137.0	3,060.5	3,485.8	3,580.3	3,724.2	3,704.0	3,714.3
5.1 Portfolio investment	0.0	8.7	48.5	38.4	54.8	31.9	165.1	163.2	163.5	162.4	158.3
Bonds	0.0	0.0	31.1	28.9	27.4	27.0	160.1	158.3	158.6	157.5	158.3
Money market instruments	0.0	8.7	17.4	9.5	27.4	4.9	4.9	4.9	4.9	4.9	0.0
5.2 Other investment	2,098.5	3,206.2	3,159.8	3,298.0	3,082.2	3,028.6	3,320.7	3,417.1	3,560.7	3,541.6	3,556.0
5.2.1 Trade credits	608.4	441.1	373.8	341.6	294.1	287.3	316.5	305.8	315.6	314.2	312.0
Long-term	442.8	323.4	274.3	277.3	239.8	239.0	257.5	251.0	260.2	258.6	255.7
Short-term	165.6	117.7	99.5	64.4	54.3	48.2	59.0	54.8	55.5	55.5	56.3
5.2.2 Credits	1,490.1	2,765.1	2,786.0	2,956.3	2,788.0	2,741.4	3,004.2	3,111.3	3,245.1	3,227.4	3,244.0
Long-term	1,260.9	2,373.1	2,535.7	2,810.4	2,704.2	2,636.5	2,877.0	2,980.4	3,100.6	3,078.1	3,103.8
Short-term	229.2	392.0	250.3	145.9	83.8	104.9	127.2	131.0	144.5	149.3	140.2
Total (1+2+3+4+5)	7,451.6	9,586.2	9,872.3	11,002.2	11,209.3	11,388.9	13,194.0	13,282.7	13,280.2	13,383.5	13,675.4

Table H11: External Debt by Domestic Sectors

According to a new methodology in force starting in March 2000, external debt is defined as the total of liabilities of residents, including: deposits of foreign legal and natural persons (these deposits were not included under the old methodology), loans granted by foreigners with an original maturity longer than 150 days (up to July 11, 2001, this maturity was 90 days), loans for financial purposes, counted exceptionally regardless of their maturity, and bonds and money market instruments issued on foreign markets (at face value).

External debt by domestic sectors is shown in the same manner as in the Capital and Financial Account of the BOP: Direct investment includes borrower – lender transactions of other sectors that are interrelated by ownership (borrower or lender owns more than 10 percent of the other). Item Government shows external debt of the broadly defined government sector, which includes the central government, gov-

ernment funds (including the Croatian Bank for Reconstruction and Development), as well as local government authorities and funds. Item Croatian National Bank shows the central bank debts. Item Banks shows debts of banks and saving banks. Item Other sectors consists of other financial institutions (other than banks and savings banks), enterprises and households.

Each sector is further divided into Portfolio and other investment. Portfolio investment includes bonds and money market instruments. Other investment includes Currency and deposits (foreign deposits) and Credits. Credits are divided into Trade credits (sale of goods for delayed payment) and Credits (all other credit obligations).

Outstanding external debt is expressed in millions of US dollars according to the CNB's midpoint exchange rate at the end of the period.

The debt balance includes so-called non-reported principal payments (they should have been paid but are not statistically reported as paid) and future principal payments.

Table H12: External Debt by Creditors

Million US dollars

	1997	1998	1999	2000	2001	2002					
	Dec.	Dec.	Dec.	Dec.	Dec.*	Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. Portfolio investment	1,954.8	2,058.0	2,571.4	3,179.6	3,737.9	3,744.0	4,395.1	4,287.5	4,303.5	4,251.8	4,256.0
Bonds	1,954.8	2,049.3	2,554.0	3,170.1	3,710.5	3,739.1	4,390.2	4,282.6	4,298.6	4,246.9	4,256.0
o/w: London Club	1,428.4	1,404.7	1,380.9	1,255.4	1,106.0	1,031.4	1,031.4	956.7	956.7	956.7	956.7
Money market instruments	0.0	8.7	17.4	9.5	27.4	4.9	4.9	4.9	4.9	4.9	0.0
2. Other investment	5,496.8	7,528.1	7,301.0	7,822.6	7,471.4	7,644.8	8,798.9	8,995.2	8,976.7	9,131.6	9,419.4
2.1. Currency and deposits	789.9	614.6	537.7	432.8	633.5	798.6	1,186.7	1,268.3	1,189.5	1,366.0	1,450.3
2.2. Long-term	4,168.4	6,249.1	6,221.9	6,724.8	6,656.6	6,603.9	7,336.4	7,449.5	7,501.3	7,482.4	7,699.9
2.2.1. Public creditors	1,867.0	2,196.7	2,162.4	2,254.2	2,235.8	2,324.0	2,455.2	2,424.0	2,476.5	2,441.7	2,456.5
a) International financial organizations	851.0	1,039.2	1,013.9	1,115.1	1,168.8	1,299.8	1,324.2	1,313.2	1,350.2	1,330.8	1,353.1
– IMF	231.8	233.9	196.6	158.7	122.2	118.4	111.7	111.0	111.2	107.8	100.6
– IBRD	294.5	344.1	395.0	412.6	469.5	570.5	593.1	590.9	597.5	597.8	596.2
– IFC	0.0	30.9	28.6	71.9	85.7	90.0	90.5	93.1	93.2	89.0	89.1
– EBRD	171.2	251.3	218.8	296.8	319.9	346.4	316.2	309.6	339.3	331.5	330.2
– EUROFIMA	42.9	72.6	78.5	85.6	83.0	91.1	103.6	103.1	102.8	102.1	102.8
– EIB	108.3	105.2	81.0	65.6	52.4	46.9	53.6	50.6	50.7	47.2	72.9
– CEB	2.3	1.1	15.4	24.0	36.1	36.5	55.5	55.0	55.7	55.3	61.3
b) Governments and government agencies	1,016.0	1,157.5	1,148.5	1,139.1	1,067.1	1,024.2	1,131.0	1,110.8	1,126.2	1,110.9	1,103.4
– Paris Club	852.5	884.8	770.8	686.4	623.9	595.3	640.9	619.0	617.9	615.3	615.4
– Other	163.5	272.7	377.7	452.7	443.2	428.9	490.2	491.8	508.3	495.6	488.0
2.2.2. Private creditors	2,301.4	4,052.5	4,059.5	4,470.7	4,420.8	4,279.9	4,881.2	5,025.5	5,024.8	5,040.7	5,243.4
a) Banks	1,833.3	3,257.5	3,311.9	3,351.4	3,364.8	3,268.2	3,681.1	3,845.3	3,761.6	3,798.9	4,040.1
o/w: guaranteed by government agencies	167.0	213.7	330.7	608.1	611.6	594.6	643.9	637.9	640.8	636.7	631.8
b) Other sectors	468.1	794.9	747.6	1,119.3	1,056.0	1,011.6	1,200.1	1,180.2	1,263.2	1,241.8	1,203.3
o/w: guaranteed by government agencies	17.6	28.5	17.8	13.8	10.3	9.2	3.0	2.8	10.1	2.1	9.1
2.3. Short-term	538.5	664.4	541.3	665.0	181.2	242.4	275.9	277.4	286.0	283.3	269.2
2.3.1. Public creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
2.3.2. Private creditors	538.5	664.4	541.3	665.0	181.2	242.4	275.9	277.4	286.0	282.7	269.2
a) Banks	370.1	381.1	246.1	486.9	68.4	84.6	94.3	95.1	106.6	108.9	100.3
o/w: guaranteed by government agencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) Other sectors	168.4	283.3	295.2	178.0	112.9	157.7	181.5	182.2	179.4	173.8	168.9
o/w: guaranteed by government agencies	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2)	7,451.6	9,586.2	9,872.3	11,002.2	11,209.3	11,388.9	13,194.0	13,282.7	13,280.2	13,383.5	13,675.4

Table H12: External Debt by Creditors

The Table shows outstanding external debt by foreign creditors valued in the same way as in Table H11.

Table H13: External Debt by Domestic Sectors and Projected Future Payments

Million US dollars

	Outstanding debt 31/10/2002	Nonreported principal payments	Projected future principal payments													
			Q4/02	Q1/03	Q2/03	Q3/03	Q4/03	2002	2003	2004	2005	2006	2007	2008	2009	Other
1. Direct investment	871.2	111.8	85.5	16.1	35.7	21.9	22.5	85.5	96.3	82.6	72.2	239.4	124.3	14.3	5.5	39.4
2. Government	5,817.9	3.2	38.0	123.1	61.5	121.3	37.6	38.0	343.5	802.2	809.6	818.7	576.1	448.7	730.5	1,247.3
2.1. Portfolio investment	4,097.7	0.0	0.0	80.6	0.0	80.6	0.0	0.0	161.2	554.1	652.8	659.7	403.7	281.5	569.5	815.3
Bonds	4,097.7	0.0	0.0	80.6	0.0	80.6	0.0	0.0	161.2	554.1	652.8	659.7	403.7	281.5	569.5	815.3
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Other investment	1,720.1	3.2	38.0	42.5	61.5	40.7	37.6	38.0	182.3	248.2	156.8	159.0	172.4	167.2	161.0	432.0
2.2.1. Trade credits	1.3	0.0	0.1	0.2	0.1	0.2	0.1	0.1	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1.3	0.0	0.1	0.2	0.1	0.2	0.1	0.1	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. Credits	1,718.8	3.1	38.0	42.2	61.5	40.5	37.5	38.0	181.7	247.5	156.8	159.0	172.4	167.2	161.0	432.0
Long-term	1,718.8	3.1	38.0	42.2	61.5	40.5	37.5	38.0	181.7	247.5	156.8	159.0	172.4	167.2	161.0	432.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian National Bank	100.6	7.2	0.0	3.2	14.4	3.2	14.5	0.0	35.2	35.2	13.5	6.3	3.2	0.0	0.0	0.0
o/w: IMF	100.6	7.2	0.0	3.2	14.4	3.2	14.4	0.0	35.2	35.2	13.5	6.3	3.2	0.0	0.0	0.0
4. Banks	3,171.4	65.6	65.8	51.7	46.7	135.7	22.7	65.8	256.8	341.8	460.4	174.9	93.9	100.4	85.5	1,526.3
4.1. Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2. Other investment	3,171.4	65.6	65.8	51.7	46.7	135.7	22.7	65.8	256.8	341.8	460.4	174.9	93.9	100.4	85.5	1,526.3
4.2.1. Currency and deposits	1,450.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,450.3
4.2.2. Credits	1,721.1	65.6	65.8	51.7	46.7	135.7	22.7	65.8	256.8	341.8	460.4	174.9	93.9	100.4	85.5	76.0
Long-term	1,712.3	57.5	65.4	51.4	46.7	135.7	22.7	65.4	256.5	341.8	460.4	174.9	93.9	100.4	85.5	76.0
Short-term	8.9	8.1	0.5	0.3	0.0	0.0	0.0	0.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Other sectors	3,714.3	415.3	160.8	163.6	224.8	137.4	176.5	160.8	702.2	670.6	394.9	400.4	405.2	175.4	130.0	259.6
5.1. Portfolio investment	158.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.5	0.0	0.0	127.8	0.0	0.0	0.0
Bonds	158.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.5	0.0	0.0	127.8	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2. Other investment	3,556.0	415.3	160.8	163.6	224.8	137.4	176.5	160.8	702.2	640.1	394.9	400.4	277.4	175.4	130.0	259.6
5.2.1. Trade credits	312.0	90.6	32.2	35.2	31.9	22.5	28.2	32.2	117.7	37.6	20.1	8.2	2.8	1.2	0.8	0.7
Long-term	255.7	66.7	18.7	21.0	28.8	21.0	28.1	18.7	98.9	37.6	20.1	8.2	2.8	1.2	0.8	0.7
Short-term	56.3	23.9	13.6	14.2	3.1	1.5	0.1	13.6	18.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2.2. Credits	3,244.0	324.7	128.6	128.4	192.9	114.9	148.4	128.6	584.4	602.5	374.8	392.1	274.6	174.2	129.1	259.0
Long-term	3,103.8	267.5	102.6	97.8	170.1	111.3	148.4	102.6	527.4	602.5	374.8	392.1	274.6	174.2	129.1	259.0
Short-term	140.2	57.2	26.0	30.6	22.8	3.6	0.0	26.0	57.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	13,675.4	603.1	350.2	357.5	383.1	419.5	273.8	350.2	1,433.9	1,932.3	1,750.6	1,639.7	1,202.7	738.8	951.5	3,072.6
Supplement: Projected interest payments		70.2	110.7	266.7	109.0	130.9	91.6	110.7	598.2	538.4	435.4	332.6	246.1	176.8	145.0	216.7
Note:																
Publicly guaranteed debt	1,749.4															
o/w: Banks and other sectors	1,030.5															

Table H13: External Debt by Domestic Sectors and Projected Future Payments

The Table shows outstanding external debt at the end of the period and the principal and interest payment projection. All data are shown at the midpoint exchange rate of the CNB at the end of period.

Projected interest payments do not include interest on deposits from nonresidents and late interest. Payments are projected at the interest rates at the contracting time and do not reflect changes of vari-

able interest rates.

The note points out the outstanding publicly guaranteed debt – total and the outstanding debt of the banking sector and other sectors covered by government guarantees. The difference is the amount of the government guarantees issued to the government sector (for example the Croatian Bank for Reconstruction and Development, Croatian Roads Administration, etc. included in a broad definition of the government sector).

Table H14: International Investment Position – Summary

Million US dollars

	1998	1999	2000	2001	2001				2002	
					Q1	Q2	Q3	Q4	Q1	Q2 ^a
1. International investment position (net)	-5,286.0	-6,367.6	-6,884.4	-5,546.8	-7,513.7	-7,598.6	-6,936.8	-5,546.8	-7,533.4	-8,122.2
2. Assets	6,162.8	5,919.5	7,152.6	9,983.3	6,918.4	6,919.6	8,282.9	9,983.3	9,123.2	9,835.9
2.1. Direct investment abroad	1,002.4	886.3	873.8	969.1	687.4	763.4	807.8	969.1	911.7	1,025.1
2.2. Portfolio investment	29.7	26.0	14.3	22.4	7.7	5.8	18.5	22.4	45.4	50.1
2.2.1. Equity securities	29.7	26.0	14.3	22.4	7.7	5.8	18.5	22.4	45.4	50.1
2.2.2. Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Other investment	2,314.9	1,982.3	2,739.8	4,287.6	2,709.2	2,351.9	3,040.2	4,287.6	3,280.7	3,158.9
2.4.1. Trade credits	200.1	207.2	184.1	181.8	177.5	172.8	176.0	181.8	183.5	179.3
2.4.2. Loans	165.3	166.2	97.4	107.3	104.9	97.1	107.5	107.3	111.6	130.6
2.4.3. Currency and deposits	1,949.4	1,608.9	2,458.2	3,998.5	2,426.8	2,082.0	2,756.7	3,998.5	2,985.6	2,849.0
2.4.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5. Reserve assets (CNB)	2,815.8	3,025.0	3,524.9	4,704.2	3,514.1	3,798.6	4,416.3	4,704.2	4,885.4	5,601.7
3. Liabilities	11,448.8	12,287.1	14,037.0	15,530.1	14,432.1	14,518.2	15,219.7	15,530.1	16,656.7	17,958.2
3.1. Direct investment in Croatia	1,945.8	2,551.0	3,550.4	4,934.4	3,736.1	3,866.4	4,025.4	4,934.4	5,717.9	5,426.5
3.2. Portfolio investment	2,144.3	2,699.7	3,288.5	3,889.8	3,747.7	3,716.6	4,009.6	3,889.8	3,957.6	4,562.6
3.2.1. Equity securities	87.3	128.3	108.9	158.0	144.4	137.8	137.1	158.0	213.6	167.5
3.2.2. Debt securities	2,057.0	2,571.5	3,179.6	3,731.8	3,603.3	3,578.8	3,872.5	3,731.8	3,744.0	4,395.1
Bonds	2,048.3	2,554.1	3,170.1	3,704.4	3,589.3	3,543.2	3,836.3	3,704.4	3,739.1	4,390.2
Money market instruments	8.7	17.4	9.5	27.4	14.0	35.6	36.3	27.4	4.9	4.9
3.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4. Other investment	7,358.6	7,036.4	7,198.2	6,705.9	6,948.2	6,935.2	7,184.6	6,705.9	6,981.1	7,969.0
3.4.1. Trade credits	458.5	388.8	341.7	295.2	322.3	326.8	333.1	295.2	288.8	321.2
3.4.2. Loans	6,285.5	6,109.9	6,423.7	5,777.1	6,116.5	6,051.0	6,296.6	5,777.1	5,893.7	6,461.1
3.4.3. Currency and deposits	614.6	537.7	432.8	633.5	509.5	557.4	554.9	633.5	798.6	1,186.7
3.4.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data.

Table H14: International Investment Position

This table is made in accordance with the recommendations of the IMF (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: reports from banks, enterprises, the Croatian National Bank, and the Zagreb Stock Exchange.

Data on international investments of the Republic of Croatia and international investments into the Republic of Croatia are recorded in US dollars (USD). Depending on the sources of data available, the conversion of values from the original currencies into US dollars is performed:

- by applying the current rate of exchange or the average monthly midpoint exchange rate of the Croatian National Bank to transactions;
- by applying the midpoint exchange rate of the Croatian National Bank on the reporting date to balances.

The source of data on foreign direct and portfolio equity investment is the statistical research of the Croatian National Bank. The equity investments have been monitored since the beginning of 2001 and are corrected for changes in the official index of the Zagreb Stock Exchange (CROBEX).

Portfolio debt investment and other investment are classified according to the following institutional sectors: the Croatian National Bank, government, banks and other sectors. The government sector comprises central government and funds, local government authorities and local funds. The banking sector comprises DMBs.

Item Portfolio debt investment – Assets and liabilities comprises data on investments of residents into debt securities issued by nonresi-

dents (assets) and investments of nonresidents into debt securities issued by residents (liabilities). The source of data is the register of foreign credit relations kept by the Croatian National Bank, which also comprises claims and liabilities arising from bonds and money market instruments.

Item Other investment – Trade credits – Assets and liabilities comprises foreign claims and foreign liabilities of the said sectors arising from trade credits. The source of data is the register of foreign credit relations kept by the Croatian National Bank.

Item Other investment – Loans – Assets and liabilities comprises data on loans granted and received between residents and nonresidents classified according to institutional sectors. The source of data is the register of foreign credit relations kept by the Croatian National Bank.

Item Other investment – Currency and deposits – Assets shows the total liquid foreign exchange of banks authorized to do business abroad reduced by the amount of foreign exchange deposited by DMBs with the CNB in fulfillment of a part of their reserve requirements. In addition to DMBs' foreign claims, foreign claims of the government sector are also shown. The sources of data are reports from the government and banks.

Item Other investment – Currency and deposits – Liabilities shows the total foreign exchange and kuna liabilities of the said sectors abroad arising from current accounts, time and notice deposits, sight deposits and demand deposits. The sources of data for this item are reports from banks.

Item International reserves of the CNB is compiled on the basis of the CNB Accounting Department reports which contain data on their balances and changes.

Table H15: International Investment Position – Direct Investment

Million US dollars

	1998	1999	2000	2001	2001				2002	
					Q1	Q2	Q3	Q4	Q1	Q2 ^a
Direct investment (net)	-943.4	-1,664.7	-2,676.6	-3,965.4	-3,048.8	-3,103.0	-3,217.6	-3,965.4	-4,806.2	-4,401.4
1. Abroad	1,002.4	886.3	873.8	969.1	687.4	763.4	807.8	969.1	911.7	1,025.1
1.1. Equity capital and reinvested earnings	960.2	839.7	824.1	928.8	645.0	720.8	763.6	928.8	870.7	983.4
Claims	960.2	839.7	824.1	928.8	645.0	720.8	763.6	928.8	870.7	983.4
Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other capital	42.2	46.6	49.7	40.3	42.3	42.6	44.2	40.3	41.0	41.8
Claims	...	...	...	...	...	...	...	...	...	...
Liabilities	...	...	...	...	...	...	...	...	...	...
1.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. In Croatia	1,945.8	2,551.0	3,550.4	4,934.4	3,736.1	3,866.4	4,025.4	4,934.4	5,717.9	5,426.5
2.1. Equity capital and reinvested earnings	1,659.1	2,205.5	2,894.0	4,011.9	3,003.2	3,090.1	3,063.1	4,011.9	4,756.4	4,204.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	1,659.1	2,205.5	2,894.0	4,011.9	3,003.2	3,090.1	3,063.1	4,011.9	4,756.4	4,204.4
2.2. Other capital	286.7	345.5	656.3	922.5	732.9	776.3	962.4	922.5	961.6	1,222.2
Claims	...	...	...	...	...	...	...	...	...	...
Liabilities	...	...	...	...	...	...	...	...	...	...
2.3. Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data.

Table H16: International Investment Position – Portfolio Investment

Million US dollars

	1998	1999	2000	2001	2001				2002	
					Q1	Q2	Q3	Q4	Q1	Q2 ^a
Portfolio investment (net)	-2,114.6	-2,673.8	-3,274.2	-3,867.4	-3,740.0	-3,710.8	-3,991.1	-3,867.4	-3,912.2	-4,512.5
1. Assets	29.7	26.0	14.3	22.4	7.7	5.8	18.5	22.4	45.4	50.1
1.1. Equity capital and reinvested earnings	29.7	26.0	14.3	22.4	7.7	5.8	18.5	22.4	45.4	50.1
Banks	2.3	0.7	7.2	7.1	5.7	4.2	5.9	7.1	6.5	8.1
Other sectors	27.4	25.3	7.1	15.3	2.0	1.6	12.7	15.3	36.3	39.1
1.2. Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	2,144.3	2,699.7	3,288.5	3,889.8	3,747.7	3,716.6	4,009.6	3,889.8	3,957.6	4,562.6
2.1. Equity capital and reinvested earnings	87.3	128.3	108.9	158.0	144.4	137.8	137.1	158.0	213.6	167.5
Banks	36.5	61.5	36.5	37.8	38.2	39.5	39.5	37.8	70.2	48.6
Other sectors	50.8	66.8	72.4	120.2	106.2	98.3	97.6	120.2	143.4	118.9
2.2. Debt securities	2,057.0	2,571.5	3,179.6	3,731.8	3,603.3	3,578.8	3,872.5	3,731.8	3,744.0	4,395.1
Bonds	2,048.3	2,554.1	3,170.1	3,704.4	3,589.3	3,543.2	3,836.3	3,704.4	3,739.1	4,390.2
General government	2,048.3	2,522.9	3,141.2	3,677.1	3,562.0	3,516.9	3,807.9	3,677.1	3,712.1	4,230.0
Other sectors	0.0	31.2	28.9	27.3	27.3	26.2	28.4	27.3	27.0	160.1
Money market instruments	8.7	17.4	9.5	27.4	14.0	35.6	36.3	27.4	4.9	4.9
Other sectors	8.7	17.4	9.5	27.4	14.0	35.6	36.3	27.4	4.9	4.9

^a Preliminary data.

Table H17: International Investment Position – Other Investment

Million US dollars

	1998	1999	2000	2001	2001				2002	
					Q1	Q2	Q3	Q4	Q1	Q2 ^a
Other investment (net)	-5,043.7	-5,054.1	-4,458.4	-2,418.3	-4,239.0	-4,583.3	-4,144.4	-2,418.3	-3,700.4	-4,810.1
1. Assets	2,314.9	1,982.3	2,739.8	4,287.6	2,709.2	2,351.9	3,040.2	4,287.6	3,280.7	3,158.9
1.1. Trade credits	200.1	207.2	184.1	181.8	177.5	172.8	176.0	181.8	183.5	179.3
1.1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2. Other sectors	200.1	207.2	184.1	181.8	177.4	172.8	176.0	181.8	183.5	179.2
Long-term	181.3	171.3	169.2	158.9	163.0	159.0	160.0	158.9	165.5	166.6
Short-term	18.9	35.9	14.9	22.9	14.5	13.8	16.0	22.9	18.0	12.7
1.2. Loans	165.3	166.2	97.4	107.3	104.9	97.1	107.5	107.3	111.6	130.6
1.2.1. General government	5.8	3.7	2.3	5.4	6.1	6.1	6.2	5.4	5.3	5.6
Long-term	5.8	3.7	2.3	5.4	6.1	6.1	6.2	5.4	5.3	5.6
1.2.2. Banks	93.4	132.7	65.9	73.0	69.8	61.8	72.2	73.0	76.7	95.2
Long-term	55.0	88.7	39.9	41.4	36.5	31.9	42.4	41.4	42.5	60.2
Short-term	38.4	44.1	26.0	31.6	33.3	30.0	29.8	31.6	34.2	35.1
1.2.3. Other sectors	66.1	29.8	29.2	28.9	29.0	29.2	29.0	28.9	29.5	29.8
Long-term	66.1	29.8	29.2	28.9	29.0	29.2	29.0	28.9	29.5	29.8
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3. Currency and deposits	1,949.4	1,608.9	2,458.2	3,998.5	2,426.8	2,082.0	2,756.7	3,998.5	2,985.6	2,849.0
1.3.2. General government	64.2	46.0	69.0	83.5	131.6	118.8	71.0	83.5	79.3	11.4
1.3.3. Banks	1,885.2	1,562.9	2,389.2	3,915.0	2,295.2	1,963.2	2,685.7	3,915.0	2,906.3	2,837.6
1.3.4. Other sectors	...	...	...	...	...	...	...	...	...	...
1.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	7,358.6	7,036.4	7,198.2	6,705.9	6,948.2	6,935.2	7,184.6	6,705.9	6,981.1	7,969.0
2.1. Trade credits	458.5	388.8	341.7	295.2	322.3	326.8	333.1	295.2	288.8	321.2
2.1.1. General government	2.7	3.3	0.1	1.2	0.1	1.2	1.2	1.2	1.5	1.5
Long-term	1.8	0.6	0.1	1.2	0.1	1.2	1.2	1.2	1.5	1.5
Short-term	0.8	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Other sectors	455.8	385.4	341.6	294.1	322.2	325.6	332.0	294.1	287.3	319.7
Long-term	353.3	299.6	277.3	235.5	258.2	258.6	259.9	235.5	239.0	263.1
Short-term	102.5	85.9	64.4	58.6	64.0	67.0	72.0	58.6	48.2	56.5
2.2. Loans	6,285.5	6,109.9	6,423.7	5,777.1	6,116.5	6,051.0	6,296.6	5,777.1	5,893.7	6,461.1
2.2.1. Croatian National Bank	233.3	196.7	158.7	122.1	151.7	136.4	138.4	122.1	118.4	111.7
o/w: IMF	233.3	196.7	158.7	122.1	151.7	136.4	138.4	122.1	118.4	111.7
2.2.2. General government	1,361.1	1,448.4	1,654.0	1,266.1	1,637.6	1,603.7	1,619.1	1,266.1	1,398.8	1,535.7
Long-term	1,311.1	1,372.9	1,294.0	1,266.1	1,277.6	1,243.7	1,259.1	1,266.1	1,398.8	1,535.7
Short-term	50.0	75.5	360.0	0.0	360.0	360.0	360.0	0.0	0.0	0.0
2.2.3. Banks	1,878.6	1,651.7	1,654.6	1,656.1	1,553.6	1,618.5	1,711.8	1,656.1	1,635.1	1,799.0
Long-term	1,857.8	1,631.6	1,640.4	1,648.1	1,541.6	1,602.0	1,694.2	1,648.1	1,627.5	1,789.6
Short-term	20.8	20.1	14.2	8.0	12.0	16.5	17.6	8.0	7.7	9.4
2.2.4. Other sectors	2,812.5	2,813.1	2,956.3	2,732.8	2,773.6	2,692.4	2,827.3	2,732.8	2,741.4	3,014.7
Long-term	2,525.7	2,591.0	2,810.4	2,640.8	2,685.0	2,633.5	2,775.1	2,640.8	2,636.5	2,881.1
Short-term	286.8	222.0	145.9	91.9	88.6	58.9	52.2	91.9	104.9	133.6
2.3. Currency and deposits	614.6	537.7	432.8	633.5	509.5	557.4	554.9	633.5	798.6	1,186.7
2.3.1. Banks	614.6	537.7	432.8	633.5	509.5	557.4	554.9	633.5	798.6	1,186.7
2.4. Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data.

Table I1: Consolidated Central Government

Million kuna

	1997	1998	1999	2000	2001	2002			
						Mar.	Apr.	May	Jun.
TOTAL REVENUE AND GRANTS									
1. Budgetary central government	33,846.1	43,808.6	46,355.5	44,635.7	52,747.4	4,908.2	6,233.0	5,902.7	4,892.6
2. Extrabudgetary funds	19,499.1	21,302.1	21,185.5	22,099.3	18,098.2	75.3	429.4	317.5	283.6
2.1. Pension Fund	11,022.2	10,713.4	10,799.8	11,254.2	5,806.8	3.1	6.7	3.4	7.9
2.2. Health Insurance Fund	5,824.2	8,269.0	8,686.4	8,967.4	10,314.5	18.6	9.9	6.1	39.2
2.3. Employment Fund	638.3	718.2	760.6	822.4	910.9	2.3	1.9	1.3	3.7
2.4. Child Benefit Fund	976.7	542.8	9.1	7.1	5.1	–	–	–	–
2.5. Croatian Waters	1,037.7	1,058.6	929.6	1,048.2	1,060.9	51.4	81.0	97.1	60.7
2.6. Development and Employment Fund	–	–	–	–	–	–	330.0	209.5	99.3
2.7. Regional Development Fund	–	–	–	–	–	–	–	–	72.9
A. Total (1+2)	53,345.3	65,110.7	67,541.0	66,735.0	70,845.6	4,983.5	6,662.4	6,220.1	5,176.2
TOTAL EXPENDITURE AND NET LENDING (minus repayments)									
3. Budgetary central government	29,409.4	34,125.4	35,979.1	36,730.8	44,844.5	6,526.1	5,581.1	5,876.0	5,145.3
4. Extrabudgetary funds	25,522.5	30,103.1	34,363.9	37,701.4	30,044.6	229.0	756.9	499.7	453.4
4.1. Pension Fund	13,795.1	16,170.4	18,998.5	20,180.8	12,125.3	121.7	124.5	117.3	136.6
4.2. Health Insurance Fund	8,742.8	10,776.0	11,919.6	13,918.1	13,192.7	19.6	21.1	39.8	13.3
4.3. Employment Fund	714.1	571.2	824.9	995.5	983.4	24.2	32.1	26.7	24.2
4.4. Child Benefit Fund	1,003.7	1,032.1	1,136.2	1,250.6	2,467.0	–	–	–	–
4.5. Croatian Waters	1,266.8	1,553.3	1,484.8	1,356.4	1,276.1	63.5	65.1	64.9	99.5
4.6. Development and Employment Fund	–	–	–	–	–	–	514.0	250.9	149.7
4.7. Regional Development Fund	–	–	–	–	–	–	–	–	30.1
B. Total (3+4)	54,931.9	64,228.6	70,343.0	74,432.3	74,889.1	6,755.2	6,338.0	6,375.7	5,598.7
C. Overall surplus/deficit (A-B)	–1,586.7	882.1	–2,802.1	–7,697.3	–4,043.5	–1,771.6	324.4	–155.5	–422.5
5. Budgetary central government (1-3)	4,436.7	9,683.1	10,376.4	7,904.8	7,902.9	–1,617.9	651.9	26.7	–252.7
6. Extrabudgetary funds (2-4)	–6,023.4	–8,801.1	–13,178.4	–15,602.1	–11,946.4	–153.7	–327.5	–182.2	–169.7

Source: Ministry of Finance.

Table I2: Budgetary Central Government Operations

Million kuna

	1997	1998	1999	2000	2001	2002			
						Mar.	Apr.	May	Jun.
1. Total revenue	33,846.1	43,808.6	46,355.5	44,635.7	53,503.6	5,163.1	6,484.2	6,140.1	5,136.2
1.1. Current revenue	33,385.0	42,019.4	40,044.6	41,535.0	48,906.3	5,145.1	6,466.2	6,123.3	5,121.5
1.1.1. Tax revenue	31,338.2	39,899.7	38,317.6	39,939.0	47,274.0	5,063.5	6,025.9	5,964.1	5,015.2
1.1.2. Nontax revenue	2,046.8	2,119.7	1,727.0	1,595.9	1,632.3	81.6	440.3	159.2	106.3
1.2. Capital revenue	461.1	1,789.2	6,310.9	3,100.7	4,597.3	17.9	18.1	16.7	14.7
2. Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1. Current	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A. Total revenue and grants (1+2)	33,846.1	43,808.6	46,355.5	44,635.7	53,503.6	5,163.1	6,484.2	6,140.1	5,136.2
3. Total expenditure	34,395.2	41,390.4	47,379.6	49,567.5	56,723.3	6,907.0	5,920.0	5,973.1	5,495.7
3.1. Current expenditure	29,579.7	34,883.0	38,476.1	44,237.4	52,819.2	6,654.5	5,740.5	5,743.8	5,333.3
3.2. Capital expenditure	4,815.5	6,507.3	8,903.5	5,330.1	3,904.1	252.5	179.5	229.4	162.4
4. Lending minus repayments	611.1	1,161.5	1,499.2	1,176.1	1,089.5	31.4	418.7	571.7	–264.9
B. Total expenditure and net lending (3+4)	35,006.3	42,551.9	48,878.8	50,743.5	57,812.8	6,938.4	6,338.7	6,544.8	5,230.8
5. Current account surplus without grants (1.1.-3.1.)	3,805.3	7,136.4	1,568.5	–2,702.4	–3,912.9	–1,509.4	725.7	379.6	–211.8
6. Current account surplus with current grants (5+2.1.)	3,805.3	7,136.4	1,568.5	–2,702.4	–3,912.9	–1,509.4	725.7	379.6	–211.8
7. Gross fixed capital formation ^a	1,516.4	976.1	–2,216.9	–395.4	–3,101.4	80.2	97.7	60.1	51.5
8. Gross capital formation ^b	1,516.4	976.1	–2,216.9	–395.4	–3,101.4	80.2	97.7	60.1	51.5
C. Overall surplus/deficit (A-B)	–1,160.2	1,256.7	–2,523.3	–6,107.9	–4,309.1	–1,775.6	145.6	–404.7	–94.6
9. Foreign financing	2,985.9	–9.1	4,615.1	6,921.5	2,299.6	981.8	14.4	693.9	1,419.4
10. Domestic financing	–1,825.7	–1,247.6	–2,091.8	–813.6	2,009.6	793.5	–160.0	–289.2	–1,324.8
10.1. From other government	0.0	190.0	–87.0	–92.0	–11.0	0.0	0.0	0.0	0.0
10.2. From monetary authorities	–354.8	112.4	2.0	–12.5	–389.1	62.5	44.2	–284.6	257.4
10.3. From deposit money banks	–1,357.3	–1,638.6	–1,859.4	–288.8	2,559.1	596.8	–36.4	38.6	–1,584.2
10.4. Other domestic financing	–113.6	88.7	–147.4	–420.3	–149.4	134.2	–167.8	–43.1	2.0
D. Total financing (9+10)	1,160.2	–1,256.7	2,523.3	6,107.9	4,309.1	1,775.3	–145.6	404.7	94.6

^a Net purchase of fixed capital formation. ^b Net purchase of fixed capital formation and net purchase of shares. Source: Ministry of Finance.

Table I3: Central Government Debt

End of period, million kuna

	1997	1998	1999	2000	2001	2002			
	Dec.	Dec.	Dec.	Dec.*	Dec.*	Mar.*	Apr.*	May*	Jun.*
1. Domestic debt of central government	15,538.4	15,047.8	16,754.6	21,324.2	24,907.3	26,265.1	26,245.6	26,406.8	26,759.2
1.1. Domestic debt of the Republic of Croatia	15,467.1	14,582.9	16,012.1	18,509.7	21,467.9	22,820.2	23,037.7	23,283.9	23,614.7
Treasury bills	449.6	565.8	776.7	2,564.6	4,892.3	5,672.2	5,572.3	5,551.0	5,778.8
Money market instruments	44.0	96.8	153.3	14.2	7.4	0.1	0.1	0.1	0.1
Bonds	14,159.2	13,035.8	13,720.7	14,082.5	15,415.8	14,777.4	14,765.7	15,737.9	15,633.1
Credits from the CNB	–	–	24.1	0.0	–	–	–	2.5	2.4
Credits from DMBs	814.3	884.4	1,337.3	1,848.4	1,152.4	2,370.5	2,699.7	1,992.4	2,200.2
1.2. Domestic debt of central government funds	71.3	465.0	742.5	2,814.4	3,439.4	3,444.9	3,207.8	3,122.9	3,144.5
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	–	–	–	1,686.8	1,636.1	1,643.4	1,641.9	1,637.6	1,625.2
Credits from DMBs	71.3	465.0	742.5	1,127.6	1,803.3	1,801.5	1,566.0	1,485.3	1,519.3
2. External debt of central government	18,270.6	21,049.7	29,977.3	38,658.9	41,440.7	42,964.0	42,579.9	41,808.5	41,991.8
2.1. External debt of the Republic of Croatia	17,513.8	19,920.2	28,610.0	36,577.8	38,676.7	40,250.5	39,826.7	39,400.4	39,609.9
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	12,319.4	12,431.3	18,904.8	25,231.2	30,077.9	30,830.5	30,503.0	30,170.6	30,848.5
Credits	5,194.4	7,488.9	9,705.2	11,346.6	8,598.8	9,420.0	9,323.7	9,229.8	8,761.4
2.2. External debt of central government funds	756.9	1,129.5	1,367.2	2,081.1	2,764.0	2,713.5	2,753.2	2,408.1	2,381.9
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	–	372.4	391.5	386.5	697.9	703.6	691.4	305.2	283.3
Credits	756.9	757.2	975.8	1,694.6	2,066.1	2,009.8	2,061.9	2,102.9	2,098.5
3. Total (1+2)	33,809.1	36,097.5	46,731.9	59,983.1	66,348.1	69,229.0	68,825.5	68,215.3	68,751.0
Supplement: Central government guaranteed debt									
– guarantees for domestic debt	....	....	....	4,104.5	8,141.2	8,587.4	8,275.2	8,174.8	8,129.6
– guarantees for external debt	....	9,656.1	11,260.4	12,741.1	12,466.9	12,225.1	12,191.8	11,806.4	11,420.8

Table I3: Central Government Debt

Data on the central government debt are gathered from available data and are not reconciled with the Ministry of Finance of the Republic of Croatia. The central government debt consists of domestic and external debt. The sources of data on domestic debt of the central government are the following: the Ministry of Finance Monthly Statistical

Review, Monetary Authorities Accounts and Deposit Money Banks' Accounts. The source of data on the central government external debt is the external debt statistics collected by the CNB. The supplement provides data on the central government guaranteed debt. DMBs are the source of data on guarantees for domestic debt, while the external debt statistics collected by the CNB are the source of data on guarantees for external debt.

Table J1: Retail Prices, Cost of Living and Producer Prices Indices

Year	Month	Chain indices			Monthly year-on-year indices			Cumulative year-on-year indices		
		Retail prices	Cost of living	Producer prices	Retail prices	Cost of living	Producer prices	Retail prices	Cost of living	Producer prices
1992	December	122.4	125.3	129.1	1,053.4	1,026.3	1,120.9	745.4	694.7	846.6
1993	December	99.5	100.6	98.5	1,249.7	1,225.1	1,175.6	1,616.6	1,591.3	1,610.4
1994	December	100.2	100.9	100.2	97.0	102.5	94.5	197.5	207.2	177.7
1995	December	100.2	100.7	100.5	103.7	104.6	101.6	102.0	104.0	100.8
1996	December	100.0	100.4	100.3	103.4	103.7	101.5	103.5	104.3	101.4
1997	December	100.7	101.2	99.9	103.8	104.9	101.6	103.6	104.1	102.3
1998	December	100.2	100.7	100.0	105.4	105.3	97.9	105.7	106.4	98.8
1999	December	100.3	101.0	100.3	104.4	103.6	105.9	104.2	103.5	102.6
2000	December	100.0	100.5	100.2	107.4	106.8	111.2	106.2	105.3	109.7
2001	July	99.4	98.8	99.3	103.8	104.3	104.0	106.0	105.9	105.8
	August	101.0	100.1	99.5	104.9	104.7	103.4	105.9	105.8	105.5
	September	100.3	100.3	100.6	103.8	103.6	103.0	105.7	105.5	105.2
	October	99.9	99.5	100.2	103.2	102.5	102.1	105.3	105.2	104.8
	November	99.8	100.1	99.5	102.8	102.4	98.0	105.1	104.9	104.2
	December	99.8	100.6	99.0	102.6	102.5	96.9	104.9	104.8	103.6
2002	January	100.8	101.1	99.9	103.3	103.2	97.4	103.3	103.2	97.4
	February	100.1	100.0	100.6	102.8	102.9	97.2	103.0	103.0	97.3
	March	100.4	100.1	98.9	103.2	102.9	97.7	103.2	103.0	97.4
	April	100.4	100.5	100.9	102.2	102.0	98.6	102.9	102.8	97.7
	May	100.2	100.7	100.2	101.8	101.5	98.8	102.6	102.5	97.9
	June	100.1	99.2	100.3	102.2	101.0	99.0	119.7	102.2	98.1
	July	99.6	99.1	100.5	102.3	101.3	100.2	102.6	102.1	98.4
	August	99.9	99.8	99.9	101.2	101.1	100.7	102.4	102.0	98.7
	September	100.5	100.3	100.4	101.5	101.1	100.4	102.2	101.9	98.9
	October	100.5	100.3	101.0	102.1	101.8	100.6	102.2	101.9	99.2
	November	99.7	100.3	99.4	102.0	102.0	101.5	102.3	101.9	99.4

Source: Central Bureau of Statistics.

Table J2: Core Retail Prices Indices

Year	Month	Chain indices			Monthly year-on-year indices		
		Total	Goods	Services	Total	Goods	Services
1994	December	100.1	99.9	101.2	96.3	94.8	109.1
1995	December	100.1	100.0	100.5	103.1	102.6	107.1
1996	December	100.0	100.0	100.0	102.8	101.9	109.5
1997	December	100.2	100.2	100.5	102.5	102.3	104.5
1998	December	100.1	100.0	100.2	105.7	105.3	107.8
1999	December	100.1	100.2	100.0	104.2	104.2	104.1
2000	December	100.1	100.1	100.2	104.6	104.8	103.5
2001	July	100.2	100.2	100.8	103.8	103.6	105.5
	August	100.2	100.1	100.3	103.9	103.5	105.9
	September	99.9	99.9	100.3	102.3	102.0	104.7
	October	100.0	100.0	100.2	102.1	101.7	104.9
	November	100.0	99.9	100.2	102.0	101.5	104.8
	December	99.8	99.7	100.8	101.7	101.1	105.6
2002	January	100.2	100.0	101.1	101.9	101.0	106.6
	February	100.1	100.2	100.1	101.8	101.0	106.7
	March	100.3	100.3	100.1	101.8	101.2	105.8
	April	100.1	100.1	100.0	101.4	100.8	105.2
	May	100.0	100.0	100.1	101.0	100.5	104.1
	June	100.1	100.1	100.0	101.0	100.4	104.1
	July	99.7	99.7	100.0	100.4	100.0	103.3
	August	100.0	100.0	99.9	100.3	99.9	102.9
	September	100.3	100.3	100.1	100.6	100.3	102.7
	October	100.5	100.5	100.5	101.1	100.8	103.0
	November	99.9	100.2	98.4	101.0	101.0	101.2

Source: Central Bureau of Statistics.

Table J3: Average Monthly Net Wages

In current prices, in kuna

Year	Month	Nominal amount in kuna	Chain indices	Monthly year-on-year indices	Cumulative year-on-year indices
1992	December	74.4	120.2	681.7	409.4
1993	December	1,073.2	105.2	1,442.1	1,605.3
1994	December	1,646.0	119.0	153.4	233.2
1995	December	1,883.0	99.4	114.4	145.7
1996	December	2,217.0	104.4	117.7	111.8
1997	December	2,544.0	100.8	114.8	116.9
1998	December	2,935.0	104.6	115.4	112.8
1999	December	3,262.0	100.9	111.2	114.0
2000	December	3,499.0	99.9	107.3	108.9
2001	July	3,550.0	101.3	108.4	107.9
	August	3,567.0	100.5	105.9	107.6
	September	3,431.0	96.2	103.9	107.2
	October	3,538.0	103.1	105.0	107.0
	November	3,707.0	104.8	105.8	106.9
	December	3,582.0	96.6	102.4	106.5
2002	January	3,597.0	100.4	101.4	101.4
	February	3,500.0	97.3	103.1	102.3
	March	3,622.0	103.5	102.5	102.3
	April	3,696.0	102.0	105.2	103.1
	May	3,800.0	102.8	104.9	103.4
	June	3,722.0	97.9	106.2	103.9
	July	3,757.0	101.0	105.8	104.2
	August	3,738.0	99.5	104.8	104.3
	September	3,673.0	98.3	107.1	104.6

Source: Central Bureau of Statistics.

Table J2: Core Retail Prices Indices

The Central Bureau of Statistics calculates the core retail price index in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded from the basket of goods and ser-

vices used in the calculation of the retail price index. A total of 88 goods and services are excluded and their share in the retail price basket stands at 22.06% in 2001 (of which: agricultural products account for 2.28 percentage points, and administrative prices for 19.78 percentage points). The zero weighting method is used to exclude prices and goods.

List of Deposit Money Banks & Savings Banks

1 December 2002

Licensed Banks

1. Banka Brod d.d., Slavonski Brod¹
2. Banka Kovanica d.d., Varaždin¹
3. Banka Sonic d.d., Zagreb
4. Brodsko-posavska banka d. d., Slavonski Brod
5. Cassa di Risparmio di Trieste – Banca d.d., Zagreb
6. Centar banka d.d., Zagreb
7. Convest banka d.d., Zagreb
8. Credo banka d.d., Split
9. Croatia banka d.d., Zagreb
10. Dresdner Bank Croatia d.d., Zagreb
11. Dubrovačka banka d.d., Dubrovnik
12. Erste & Steiermärkische Bank d.d., Zagreb
13. Gospodarsko kreditna banka d.d., Zagreb
14. Hrvatska poštanska banka d. d., Zagreb
15. HVB Bank Croatia d.d., Zagreb
16. HYPO Alpe-Adria-Bank d.d., Zagreb
17. Hypobanka d.d., Zagreb
18. Imex banka d.d., Split
19. Istarska kreditna banka Umag d.d., Umag
20. Jadranska banka d.d., Šibenik
21. Karlovačka banka d.d., Karlovac
22. Kreditna banka Zagreb d.d., Zagreb
23. Križevačka banka d.d. Križevci¹
24. Kvarner banka d.d., Rijeka
25. Međimurska banka d.d., Čakovec
26. Nava banka d.d., Zagreb
27. Nova banka d.d., Zagreb
28. Partner banka d.d., Zagreb
29. Podravska banka d.d., Koprivnica
30. Požeška banka d.d., Požega
31. Primorska banka d.d. Rijeka
32. Privredna banka – Laguna banka d.d., Poreč
33. Privredna banka Zagreb d.d., Zagreb
34. Raiffeisenbank Austria d.d., Zagreb
35. Riadria banka d.d., Rijeka
36. Riječka banka d.d., Rijeka
37. Samoborska banka d.d., Samobor
38. Slatinska banka d.d., Slatina
39. Slavonska banka d.d., Osijek
40. Splitska banka d.d., Split
41. Splitsko-dalmatinska banka d.d., Split¹
42. Štedbanka d.d., Zagreb
43. Varaždinska banka d.d., Varaždin
44. Volksbank d.d., Zagreb
45. Zagorska banka d.d., Krapina¹
46. Zagrebačka banka d.d., Zagreb

Licensed Savings Banks

1. Međimurska štedionica d.d., Čakovec²

Licensed Housing Savings Banks

1. Prva stambena štedionica d.d., Zagreb
2. Raiffeisen stambena štedionica d.d., Zagreb
3. Wüstenrot stambena štedionica d.d., Zagreb

Other Licensed Institutions with Full Authorization

1. Hrvatska banka za obnovu i razvitak, Zagreb

Representative Offices of Foreign Banks

1. Bank für Kärnten und Steiermark AG, Zagreb
2. Commerzbank Aktiengesellschaft, Zagreb
3. Deutsche Bank AG, Zagreb
4. LHB Internationale Handelsbank AG, Zagreb
5. Sanpaolo IMI S.p.A., Zagreb

Banks and Savings Banks under Bankruptcy Proceedings

Name of bank/savings bank	Date of bankruptcy proceedings initiation
1. Adria štedionica d.o.o., Zagreb	12/10/2000
2. Agroobrtnička banka d.d., Zagreb	14/06/2000
3. Alpe Jadran banka d.d., Split	15/06/2002
4. Cibalae banka d.d., Vinkovci	20/10/2000
5. Glumina banka d.d., Zagreb	30/04/1999
6. Gold štedionica d.o.o., Split	05/10/2001
7. Gradska banka d.d., Osijek	03/05/1999
8. Građanska štedionica d.o.o., Karlovac	03/11/1998
9. Hrvatska gospodarska banka d.d., Zagreb	19/04/2000
10. Ilirija banka d.d., Zagreb	06/04/1999
11. Invest štedionica d.o.o., Zagreb	30/06/1999
12. Komercijalna banka d.d., Zagreb	30/04/1999
13. Neretvansko gospodarska banka d.d., Ploče	10/05/1999
14. Promdei banka d.d., Zagreb	22/12/1999
15. Razvojna banka "Dalmacija" d.o.o., Split	24/09/2001
16. Štedionica Dugi pogled d.o.o., Zagreb	19/01/2001
17. Štedionica Groš banak d.o.o., Zagreb	23/04/2001
18. Štedionica Mediteran d.o.o., Split	5/12/2001
19. Štedionica za razvoj i obnovu d.o.o, Zagreb	02/07/2001
20. Trgovačko-turistička banka d.d., Split	08/09/2000
21. Vukovarska banka d.d., Vukovar	25/02/1998
22. Županjska banka d.d., Županja	03/05/1999

¹ In accordance with Article 190 of the Banking Law and the pace prescribed therein, the bank is required to adjust its share capital to the provisions of this Law by 31 December 2006.

² Operating license includes collection of households' foreign exchange savings and exchange operations.

Banks and Savings Banks under Liquidation Proceedings

Name of bank/savings bank	Date of liquidation proceedings initiation
1. Gospodarska štedionica d.d., Vrbovec	06/04/2002
2. Investicijsko-komercijalna štedionica d.d., Zagreb	31/05/2000
3. Kaptol banka d.d., Zagreb	04/05/2001
4. Slavonska štedionica d.d., Zagreb	24/12/2001
5. Štedionica Dora d.d., Zagreb	01/01/2002
6. Štedionica SA-GA d.d., Zagreb	31/12/2001

7. Štedionica Zlatni vrutak d.d., Zagreb	28/12/2001
8. Trgovačka štedionica d.o.o., Zagreb	01/01/2002

Banks and Savings Banks whose License Was Revoked, but Have Not Initiated Liquidation Proceedings

Name of bank/savings bank	Date of revoking operating license
1. Hibis štedionica d.d., Zagreb	07/03/2001
2. Marvil štedionica d.d., Zagreb	08/06/2001

Management of the Croatian National Bank

1 December 2002

Members of the Council of the Croatian National Bank

Chairman of the Council	Željko Rohatinski
Members of the Council	Mate Babić Alen Belullo Božidar Jelčić Branimir Lokin Čedo Maletić Relja Martić Adolf Matejka Damir Novotny Silvije Orsag Tomislav Presečan Sandra Švaljek Boris Vujčić Branko Vukmir

Management of the CNB

Governor	Željko Rohatinski
Deputy Governor	Boris Vujčić
Vicegovernor	Čedo Maletić
Vicegovernor	Relja Martić
Vicegovernor	Adolf Matejka
Vicegovernor	Tomislav Presečan

Executive Directors

Research and Statistics Area	Ljubinko Jankov
Central Banking Operation Area	Irena Kovačec
International Affairs and External Relations Area	Jadranka Granić
Banker Supervision Area	Marija Mijatović-Jakšić
Planning, Analysis and Accounting Area	
Payment Operations Area	
Organization Planning and Information Technology Area	Petar Ćurković
Legal, Human Resources, General Support and Administrative Services Area	

List of Abbreviations & Symbols

b.p.	– basis points
CBS	– Central Bureau of Statistics
CEFTA	– Central European Free Trade Agreement
CEI	– Croatian Employment Institute
CH	– Croatian Highways
CNB	– Croatian National Bank
CPII	– Croatian Pension Insurance Institute
CR	– Croatian Roads
dep.	– deposit
DMB	– deposit money bank
ECB	– European Central Bank
EFTA	– European Free Trade Association
EIR	– effective interest rate
EMU	– European Monetary Union
EU	– European Union
f/c	– foreign currency
FDI	– foreign direct investment
FEMPI	– foreign exchange market pressure index
FINA	– Financial Agency
GDP	– gross domestic product
GFS	– Government Finance Statistics
GVA	– gross value added
HR	– Croatia
IMF	– International Monetary Fund
IPT	– Institute for Payment Transactions
MoF	– Ministry of Finance
NFA	– net foreign assets
NIR	– nominal interest rate
NUR	– net usable reserves
o.w.	– of which
PPI	– producer price index
Q	– quarterly
RPI	– retail price index

RR	– reserve requirement
SDR	– special drawing rights
VAT	– value-added tax
VSE	– Varaždin Stock Exchange
ZIBOR	– Zagreb Interbank Offered Rate
ZMM	– Zagreb Money Market
ZSE	– Zagreb Stock Exchange
WTO	– World Trade Organization

Abbreviations for Currency

HRK	– Croatian kuna
ATS	– Austrian schilling
FRF	– French franc
DEM	– German mark
CHF	– Swiss franc
GBP	– pound sterling
ITL	– Italian lira
USD	– US dollar
EUR	– euro
JPY	– Japanese yen

Symbols

–	– no entry
....	– data not available
0	– value is less than 0.5 of the unit of measure being used
∅	– average
a, b, c,...	– indicates a note beneath the table and figure
*	– corrected data
()	– incomplete or insufficiently verified data

